May 27, 2020

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Year Ended March 31, 2020 (IFRS, Unaudited)

Tokyo, May 27, 2020 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the year ended March 31, 2020.

In this document, the terms the "Company," "Recruit Group," "we," and "our" refer to Recruit Holdings Co., Ltd. and its consolidated subsidiaries unless otherwise indicated. The "Holding Company" refers to Recruit Holdings Co., Ltd. ("Recruit Holdings") on a standalone basis. SBU stands for strategic business unit.

The Company's fiscal year starts on April 1 and ends on March 31 of each year. Accordingly, "FY2019" refers to the period from April 1, 2019 to March 31, 2020. References to "FY" or "fiscal year" for prior and subsequent are to 12-month periods commencing in each case on April 1 of the year indicated and ending on March 31 of the following year.

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

(Amounts are rounded down to the nearest million yen)

Consolidated Operating Results

(in millions of yen, unless otherwise stated)	FY2018	FY2019	% change
Revenue	2,310,756	2,399,465	3.8%
EBITDA and adjusted EBITDA[1, 2]	293,243	325,159	10.9%
Operating income	223,090	206,011	-7.7%
% to revenue	9.7%	8.6%	-
Profit before tax	239,814	226,149	-5.7%
Return on assets (%)	14.4%	12.1%	-
Profit attributable to owners of the parent	174,280	179,880	3.2%
% to total equity attributable to owners of the parent	19.3%	18.4%	-
Profit available for dividends[3]	162,346	184,522	13.7%
Total comprehensive income	173,456	152,970	-11.8%
Basic EPS (yen)	104.31	108.27	-
Diluted EPS (yen)	104.11	108.07	-
Adjusted EPS[4] (yen)	107.10	121.03	13.0%

Reference: Share of profit of associates and joint ventures was 7,894 million yen in FY2018 and 3,617 million yen in FY2019.
Note: EBITDA for FY2018 and adjusted EBITDA for FY2019

Consolidated Financial Position

(in millions of yen, unless otherwise stated)	As of March 31, 2019	As of March 31, 2020
Total assets	1,748,982	1,998,917
Total equity	972,251	995,743
Equity attributable to owners of the parent	965,775	988,449
Ratio of equity attributable to owners of the parent to total assets (%)	55.2%	49.4%
Equity attributable to owners of the parent per share (yen)	578.04	599.65

Consolidated Cash Flows

(in millions of yen)	FY2018	FY2019
Net cash flows from operating activities	276,960	303,325
Net cash flows from investing activities	(204,619)	(88,993)
Net cash flows from financing activities	(68,521)	(192,721)
Cash and cash equivalents at the end of the year	402,911	421,253

Dividends

	FY2018	FY2019	FY2020 (Forecast)
At the end of Q1 (yen)	-	-	-
At the end of Q2 (yen)	13.50	15.00	-
At the end of Q3 (yen)	-	-	-
At the end of Q4 (yen)	14.50	15.00	-
Total	28.00	30.00	-
Total amount of dividend payment (in millions of yen)	46,820	49,811	-
Payout ratio-consolidated (%)*	26.8%	27.7%	-%
Ratio of dividends to total equity attributable to owners of the parent (%)	5.2%	5.1%	-%

* Calculated based on profit attributable to owners of the parent. Payout ratio (consolidated) based on profit available for dividends was 27.0% in FY2019.

* Dividends for FY2020 (Forecast) are undecided at this time.

Consolidated Financial Guidance for FY2020

Due to the uncertainty and rapidly evolving conditions around the world, the Company is unable at this time to reliably predict the impact that the global spread of novel coronavirus (COVID-19) will have on its FY2020 financial performance. As a result, the Company is not providing consolidated financial guidance or FY2020 at this time. However, based on the broad impact on the business performance since early March, the Company currently expects that the global spread of COVID-19 will have a significant adverse impact on financial performance in Q1 FY2020, and may continue to impact performance in Q2 FY2020 and beyond. The Company plans to provide consolidated financial guidance for FY2020 when the Company is able to reasonably estimate the magnitude of the impact of the global spread of COVID-19 on its business. Please refer to page 16 for further details regarding Consolidated Financial Guidance and Latest Business Operation Update by Segment.

Changes in Significant Subsidiaries for the Reporting Period

There was no change in specific subsidiaries accompanying a change in the scope of consolidation.

Changes in Accounting Policies and Changes in Accounting Estimates

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

Number of Shares Issued - Common Stock

	As of March 31, 2019	As of March 31, 2020
Number of shares issued including treasury stock	1,695,960,030	1,695,960,030
Number of shares of treasury stock	25,176,070	47,574,459
	FY2018	**FY2019**
Average number of shares during the period	1,670,820,603	1,661,362,368

Definition of the Management KPIs

Below definitions apply throughout this documentation.

1. EBITDA = operating income + depreciation and amortization ± other operating income/expenses
2. Adjusted EBITDA = operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expense
3. Profit available for dividends = profit attributable to owners of the parent ± non-recurring income/losses, etc.
4. Adjusted EPS = adjusted profit[5] /(number of shares issued at the end of the period - number of shares of treasury stock at the end of the period)
5. Adjusted profit = profit attributable to owners of the parent ± adjustment items[6] (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
6. Adjustment items = amortization of intangible assets arising due to business combinations ± non-recurring income/losses[7]
7. Non-recurring income/losses = gains or losses from disposals of shares of associates, expenses relating to Company restructuring, gains or losses from the sale or impairment of property and equipment, and income and expense items that the Company believes are unusual or non-recurring in nature which do not reflect the Company's underlying results of operations

Reference: Outline of Non-consolidated Financial Results

Non-consolidated Operating Results

(in millions of yen, unless otherwise stated)	FY2018	FY2019	% change
Revenue	62,748	102,061	62.7%
Operating profit	53,121	92,056	73.3%
Recurring profit	55,413	94,065	69.8%
Net income	34,247	85,854	150.7%
Earnings per share – Basic (yen)	20.50	51.68	-
Earnings per share – Diluted (yen)	20.46	51.58	-

Non-consolidated Financial Position

(in millions of yen, unless otherwise stated)	As of March 31, 2019	As of March 31, 2020
Total assets	1,424,884	1,409,458
Net asset	932,667	872,799
Equity ratio (%)	65.4%	61.8%
Net asset per share	557.35	528.44

Reference: Equity was 931,218 million yen as of March 31, 2019 and 871,080 million yen as of March 31, 2020.

Year-on-year Differences in Non-consolidated Operating Results

The non-consolidated operating results for FY2019 differ significantly from those of FY2018 due to increases in dividends from subsidiaries and associates and royalty income.

Adoption of IFRS 16

The Company has applied IFRS 16 “Leases” (“IFRS 16”) using the modified retrospective method of adoption with the date of initial application of April 1, 2019, and changed the management KPI from EBITDA to adjusted EBITDA (such EBITDA is adjusted to exclude the main impact of the IFRS 16 adoption). Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The amount presented for the fiscal year ended March 31, 2019 represents EBITDA as calculated prior to the adoption of adjusted EBITDA as a management KPI . For more details on this change, please refer to “1. Management’s Discussion and Analysis.”

Forward-Looking Statements

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

Note Regarding Reference Translation

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

Third-Party Information

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

Earnings releases are not subject to review by a certified public accountant nor an independent auditor.

Link for FY2019 Earnings Results

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

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1. Management's Discussion and Analysis

Consolidated Results of Operations for FY2019

Results of Operations

(In billions of yen)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2020	Variance	% change	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Variance	% change
Revenue[1]	580.3	589.7	9.4	1.6%	2,310.7	2,399.4	88.7	3.8%
HR Technology	90.0	106.3	16.3	18.1%	326.9	424.9	97.9	30.0%
Media & Solutions	193.7	192.8	(0.8)	-0.4%	721.4	755.9	34.4	4.8%
Staffing	304.1	297.7	(6.4)	-2.1%	1,290.2	1,248.1	(42.1)	-3.3%
Operating income (Loss)	30.9	(6.2)	(37.1)	-	223.0	206.0	(17.0)	-7.7%
Profit (Loss) before tax	38.2	(3.5)	(41.8)	-	239.8	226.1	(13.6)	-5.7%
Profit for the period	28.4	13.5	(14.8)	-52.2%	175.3	181.2	5.8	3.3%
Profit attributable to owners of the parent	28.2	13.3	(14.8)	-52.7%	174.2	179.8	5.6	3.2%
Management Key Performance Indicator								
(In billions of yen, unless otherwise stated)								
Adjusted EBITDA[1, 2]	53.1	55.2	2.1	4.1%	293.2	325.1	31.9	10.9%
HR Technology	10.5	8.3	(2.1)	-20.7%	47.4	71.2	23.8	50.2%
Media & Solutions	32.2	34.2	1.9	6.1%	172.4	182.9	10.4	6.1%
Staffing	13.6	16.2	2.5	18.5%	82.9	81.2	(1.6)	-2.0%
Adjusted EPS (yen)	16.67	17.38	0.70	4.2%	107.10	121.03	13.93	13.0%
Adjusted EBITDA margin[2, 3]								
Consolidated	9.2%	9.4%	0.2pt	-	12.7%	13.6%	0.9pt	-
HR Technology	11.8%	7.9%	-3.9pt	-	14.5%	16.8%	2.3pt	-
Media & Solutions	16.7%	17.8%	1.1pt	-	23.9%	24.2%	0.3pt	-
Staffing	4.5%	5.4%	0.9pt	-	6.4%	6.5%	0.1pt	-
Average exchange rate during the year (yen)								
US dollar	-	-	-	-	110.92	108.70	(2.22)	-2.0
Euro	-	-	-	-	128.44	120.81	(7.63)	-5.9
Australian dollar	-	-	-	-	80.96	74.11	(6.85)	-8.5
Exchange rate effects on revenue[4, 5, 6] (In billions of yen)								
Consolidated	(6.7)	(8.0)	-	-	(12.4)	(48.3)	-	-
Staffing segment: Overseas	(7.8)	(6.8)	-	-	(12.7)	(38.9)	-	-

[1] The total sum of the three segments does not correspond with consolidated numbers due to Eliminations and Adjustments, such as intra-group transactions.
[2] The Company has applied IFRS 16 using the modified retrospective method of adoption with the date of initial application of April 1, 2019, and changed its management KPI from EBITDA to adjusted EBITDA (such EBITDA is adjusted to exclude the main impact of the IFRS 16 adoption). Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The amounts presented for the three months and the fiscal year ended March 31, 2019 represent EBITDA and EBITDA margin as calculated prior to the adoption of adjusted EBITDA as a management KPI.
[3] Adjusted EBITDA margin = adjusted EBITDA/revenue
[4] 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)
[5] Monthly average rates are applied to HR Technology.
[6] The amount for Q4 FY2019 is calculated by deducting the amount for FY2019 nine-month period from that for FY2019 twelve-month period.

Overview

The impact of the global spread of COVID-19 on the Company's Q4 and FY2019 consolidated financial results was limited. This was due to the Company's relatively stable financial results through February 2020, which offset the negative impact on performance that began to appear in March 2020.

Recruit Holdings' consolidated revenue for Q4 FY2019 was 589.7 billion yen, an increase of 1.6% year on year. This was due to revenue growth in HR Technology, which was offset by revenue declines in Media & Solutions and Staffing year on year. Excluding the negative impact of foreign exchange rate movements of 8.0 billion yen, consolidated revenue growth was 3.0% year on year. Consolidated revenue for FY2019 was 2.39 trillion yen, an increase of 3.8% year on year. This was due to the growth of HR Technology and Media & Solutions, with the growth of HR Technology contributing significantly. Excluding the negative impact of foreign exchange rate movements of 48.3 billion yen, consolidated revenue growth for FY2019 was 5.9% year on year.

Consolidated operating loss for Q4 FY2019 was 6.2 billion yen compared to consolidated operating income of 30.9 billion yen for Q4 FY2018. The Q4 FY2019 consolidated operating loss included impairment loss on goodwill and intangible assets of 31.0 billion yen related to the overseas operations of Marketing Solutions of Media & Solutions, and the Australian operations of Staffing. Consolidated operating income for FY2019 was 206.0 billion yen, a decrease of 7.7% year on year. This was mainly due to goodwill and intangible asset impairment losses in Q4 FY2019. Excluding impairment losses, consolidated operating income for Q4 FY2019 was 24.7 billion yen, a decrease of 19.9% year on year, and that for FY2019 was 237.4 billion yen, an increase of 6.4% year on year.

Loss before tax for Q4 FY2019 was 3.5 billion yen compared to profit before tax for Q4 FY2018 of 38.2 billion yen. This was mainly due to goodwill and intangible asset impairment losses in Q4 FY2019. Profit before tax for FY2019 was 226.1 billion yen, a decrease of 5.7% year on year.

Profit for Q4 FY2019 was 13.5 billion yen, a decrease of 52.2% year on year, and profit attributable to owners of the parent in Q4 FY2019 was 13.3 billion yen, a decrease of 52.7% year on year. Profit for FY2019 was 181.2 billion yen, an increase of 3.3% year on year and profit attributable to owners of the parent for FY2019 was 179.8 billion yen, an increase of 3.2% year on year.

Management Key Performance Indicators

Consolidated adjusted EBITDA for Q4 FY2019 was 55.2 billion yen, an increase of 4.1% year on year, resulting from adjusted EBITDA growth in Media & Solutions and Staffing. Consolidated adjusted EBITDA for FY2019 was 325.1 billion yen, an increase of 10.9% year on year, resulting from adjusted EBITDA growth in HR Technology and Media & Solutions

Adjusted EPS for Q4 FY2019 was 17.38 yen, an increase of 4.2% year on year, and adjusted EPS for FY2019 was 121.03 yen, an increase of 13.0% year on year. Profit available for dividends for Q4 FY2019 was 24.9 billion yen, an increase of 3.8% year on year and that for FY2019 was 184.5 billion yen, an increase of 13.7% year on year.

Research and development expenses in FY2019 were 65.0 billion, consisting primarily of compensation expenses for engineering and other technical employees responsible for the development of new products and enhancement of existing products. The majority of research and development expenses were related to technological advancement in HR Technology. Research and development expenses in Media & Solutions were immaterial because improvement of most of the existing services, including software as a service ("SaaS") solutions such as *Air BusinessTools* was not included.

As of the end of FY2019, consolidated total assets, total liabilities, and total equity were 1.99 trillion yen, 1.00 trillion yen, and 995.7 billion yen, respectively. Cash and cash equivalents and net cash amount[1] on a consolidated basis were 421.2 billion yen and 284.5 billion yen, respectively.

As a result of the goodwill impairment loss for Q4 FY2019, outstanding goodwill as of the end of FY2019 was 383.1 billion yen. For more details, please refer to P13, The Outstanding Amount of Goodwill for each SBU as of March 31, 2020

The Company adopted IFRS 16 in FY2019, and changed its accounting policy. Pursuant to IFRS 16, a lessee generally must recognize a "right-of-use asset" for all leases, such asset representing the right to use the underlying asset over the term of such leases. A lessee must also recognize as its financial liability the lessee's obligation to make future lease payments. Under previous accounting standards, IAS 17, a company recorded lease payments of operating leases as rent expense. However under IFRS 16, a company must record depreciation of its right-of-use assets and interest expense on its lease liability. As a result of the adoption of IFRS 16, EBITDA will increase because rent expense will decrease, while the depreciation of the right-of-use asset will increase. Therefore the Company decided to change the management KPI from EBITDA to adjusted EBITDA (such EBITDA is adjusted to exclude the main impact of the IFRS 16 adoption) to ensure comparability with the prior management KPI.

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

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

Updated Risk Factors related to the Spread of Coronavirus (COVID-19)

Due to a significantly uncertain outlook caused by the global spread of COVID-19, economic activity, including consumer and business activity, has been negatively affected globally, including in Japan. As a result, the Company's revenue and profits have been negatively impacted and may be further negatively impacted in future periods.

The following summarizes the potential risks to the Company's businesses as a result of the the global spread of COVID-19:

HR Matching businesses, which are comprised of HR Technology, Staffing, and HR Solutions in Media & Solutions, have been negatively affected, as employers have turned cautious on hiring while assessing the current economic situation and adapting to social distancing and other restrictions in many countries around the world. Revenue in HR Technology and HR Solutions in Media & Solutions may continue to decline if employers decrease the number of job advertisements and cancel hiring events in response to the above conditions. For the same reasons, revenue in Staffing may decline if demand for temporary staff from enterprise clients continues to decline.

Marketing Solutions in Media & Solutions, has also been negatively affected by reduced demand for advertising services, especially in travel, dining and wedding, as a result of the state of emergency and shelter-in-place request in Japan since April 2020. Revenue may decline to the extent enterprise clients temporarily suspend spending on advertising or change to lower priced advertising packages as a result of the weak business environment.

SaaS solutions, mainly *Air BusinessTools*, in Media & Solutions currently focus on increasing the number of enterprise client accounts by providing free solutions and marketing promotions. The number of accounts for *AirPAY,* a SaaS solution for accepting cashless payments, has particularly increased in FY2019, supported by the initiatives by the Japanese government to encourage business owners to accept cashless payments. The growth in the number of accounts may slow if enterprise clients suspend their subscriptions of *Air BusinessTools* in response to a continued weak business environment.

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

- If the Company is unable to promptly and effectively address changes in the needs and preferences of enterprise clients and individual users, our market share and revenue may be negatively affected.
- In the case where financial results are forecasted to decline over the long term, the Company may be required to recognize impairments of goodwill or intangible assets recorded in connection with acquisitions that exceed impairment losses the Company has already recognized.
- The Company's liquidity may be negatively impacted if its creditworthiness declines as a result of declining financial performance or weakening of the business environment, or if the Company experiences delays in collecting, or default of, receivables.
- Exchange rate volatility may result from unstable currency exchange markets.
- The Company may be unable to obtain financing on attractive terms or at all due to an economic recession, volatility in financial markets, increases in interest rates, decreases in our creditworthiness or credit ratings downgrades, declining financial performance or weakening of the business environment.
- The Company may experience operational or business disruptions or be forced to suspend certain operations or businesses if a large portion of the workforce it depends on to operate its business, including the employees and third-party service providers, contracts COVID-19 or is otherwise unable to function.

Management Measures for Q4 FY2019

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

Amidst the global spread of COVID-19, the Company has prioritized the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, enterprise clients, and business partners, and operates its businesses by implementing measures to help prevent the spread of COVID-19. For the protection of its employees and the broader community and in compliance with local regulations where required, the Company has implemented measures globally to keep its employees safe including recommending or mandating, as appropriate, that its employees work from home if their roles allow.

With social distancing practices in place across many of the markets where the Company operates, the demand for online hiring and recruiting processes, and the tools to enable them, has increased substantially. In response to these challenges, HR Technology adapted its platforms to help job seekers with additional tools and resources to facilitate finding a job in the current environment and expedited initiatives to help enterprises and public sector organizations who need to hire quickly and effectively at scale. Among these expanded offerings, which are offered for free or at a discount for certain essential roles, are flexible and scalable hiring solutions including virtual hiring events, large scale sourcing and screening services, and full service placement services targeted at helping employers during the pandemic.

Media & Solutions focuses on offering SaaS solutions with *Air BusinessTools*, a comprehensive bundled suite of cloud-based solutions to support the day-to-day management and operations of enterprises, including SMEs.*Air BusinessTools* can have a large role in helping SMEs overcome the difficult situations they are now faced with. Specifically, our SaaS solutions such as *AirPAY* for accepting cashless payments, which supports 29 types of payment methods[1] help SME clients and their customers comply with social distancing practices where required or recommended.

The aim of *Air BusinessTools* is to support these clients by reducing inefficient use of resources and improving their productivity. The Company continues to focus on *Air BusinessTools* to help SME clients that are experiencing a significant change in their business environment.

During the spread of COVID-19 the demand for online education is increasing in response to school closures. In Media & Solutions, *Study Sapuri*, an e-learning service operated by Recruit Marketing Partners, and *Study Sapuri for TEACHERS* were provided for free to local governments in Japan to assist with online education efforts in response to temporary school closures[2]. Over 92,000 students from more than 320 schools had used this service for free to continue their education online.

In addition to these actions, each SBU has leveraged new and existing tools to continue to support all of their stakeholders facing new and unique challenges during this period. Please find more information regarding the Company's response to COVID-19 on the website below;

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

The Company will continue to provide matching solutions to help society, by using advanced technology, to respond to the emerging needs of people and businesses in this time of unprecedented change and uncertainty.

1 As of the end of March 2020
2 From March 3 to April 30, 2020

Reorganization of Media & Solutions Strategic Business Unit

Recruit Co., Ltd., a wholly-owned subsidiary of the Company and the headquarters of Media & Solutions SBU, aims to integrate its wholly-owned seven core operating companies and functional companies into Recruit Co., Ltd. (“Recruit”) in April 2021. The subsidiaries were established in 2012 as the Company's core operating companies and functional companies to provide further value added services in their respective domains. While reviewing the objectives of establishing subsidiaries by business vertical that have been achieved in the 7 years since 2012, Recruit used the following criteria: “balancing the competitive advantage of business and social value”, “providing various opportunities to maximize talent capabilities”, and “sharing and expanding various knowhow”. Going back to focusing on the basic principle of the Company, “creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.”, Recruit determined it would be best to integrate the core operating companies and functional companies in order to consolidate operational knowhow and diverse human resources, and to aim for further enhancement of value added services as well as to contribute to society through the creation of new value. Recruit aims to further strengthen its three key business capabilities, including product development, sales and distribution, and human resource development, while strengthening corporate governance functions, to develop new businesses for the future.

For related information, please refer to the following release:

”Recruit Holdings Announces Reorganization of Its Media & Solutions Strategic Business Unit” released on January 6, 2020

https://recruit-holdings.com/ir/ir_news/2020/20200106_01.html

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Results of Operations by Segment

HR Technology

HR Technology consists of the operations of *Indeed, Glassdoor,* and other related businesses. *Indeed* and *Glassdoor* are online platforms where people can find jobs and learn about companies. Both *Indeed* and *Glassdoor* offer a suite of tools for job seekers that includes job search, resume posting, and company information and reviews.

For employers, *Indeed* and *Glassdoor* offer solutions to recruit and hire talent. Each company provides employers the opportunity to post and advertise jobs and build their company's employment brand. *Indeed* also provides a range of products for employers to source and screen candidates including directly from its database of tens of millions of resumes.

Revenue for Q4 FY2019 was 106.3 billion yen, an increase of 18.1% year on year. On a US dollar basis, reported revenue growth was 19.4%[1] for Q4 FY2019, primarily driven by continued growth in sponsored job advertising. Also contributing to revenue growth year on year were candidate sourcing and screening solutions and employer branding products[2]. This performance was supported by a generally favorable economic environment and tight labor market through February prior to the negative impact of the global spread of COVID-19 on these conditions. Revenue for FY2019 was 424.9 billion yen, an increase of 30.0% year on year. On a US dollar basis, revenue growth for FY2019 was 32.7% year on year.

Segment adjusted EBITDA for Q4 FY2019 was 8.3 billion yen, a decrease of 20.7% year on year. Adjusted EBITDA margin was 7.9% for Q4 FY2019, a decrease from 11.8% for Q4 FY2018. HR Technology continued to invest in sales and marketing activities to acquire new users and clients during the fourth quarter and the year on year growth rate of those expenses was greater than the pace of revenue growth. To support future revenue growth, HR Technology continued to invest heavily in product enhancements to increase user and client engagement. The timing of investments fluctuates on a quarterly basis. Segment adjusted EBITDA for FY2019 was 71.2 billion yen, an increase of 50.2% year on year, and segment adjusted EBITDA margin was 16.8%.

The operating results for HR Technology are as follows:

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		Variance	% change	Fiscal Year Ended March 31,		Variance	% change
	2019	2020			2019	2020		
Segment revenue	90.0	106.3	16.3	18.1%	326.9	424.9	97.9	30.0%
Segment adjusted EBITDA[3]	10.5	8.3	(2.1)	-20.7%	47.4	71.2	23.8	50.2%
Segment adjusted EBITDA margin[3]	11.8%	7.9%	-3.9pt	-	14.5%	16.8%	2.3pt	-
Revenue in millions of US dollars[1]	816	974	158	19.4%	2,944	3,907	962	32.7%

[1] The US dollar based revenue reporting represents the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.

[2] Indeed and Glassdoor product availability varies by country.

[3] EBITDA and EBITDA margin for the three months and twelve months ended March 31, 2019 and adjusted EBITDA and adjusted EBITDA margin for the three months and twelve months ended March31, 2020.

Media & Solutions

Media & Solutions consists of Marketing Solutions and HR Solutions.

Marketing Solutions provides individual users a multitude of choices on their lifestyle with information available through its online platforms and print media. Major online platforms include: *SUUMO*, a provider of housing and real estate related information and services, *Zexy*, an all-in-one source of wedding planning information, *Jalan*, a provider of travel information and booking services in Japan, *Hot Pepper Gourmet*, an online restaurant reservation platform, and *Hot Pepper Beauty*, an online beauty salon reservation platform. Marketing Solutions helps enterprise clients attract users through advertisements on its online platforms and print media, and offers services including SaaS solutions. SaaS solutions centered on *Air BusinessTools*, a comprehensive bundled suite of cloud-based solutions to support day-to-day management and operations. *Air BusinessTools* solutions include reservations, CRM, POS system, payments, workforce management, hiring functions and other areas.

Recently, the number of accounts for *AirPAY*, a SaaS solution for accepting cashless payments, has in particular increased, supported by the initiative started in October 2019 by the Japanese government to encourage business owners to accept cashless payments in conjunction with the consumption tax hike. *AirPAY* had approximately 149,000 registered accounts[1] as of March 2020, an increase of 167% year on year. As the number of *AirPAY* registered accounts grows, many of these accounts have also subscribed to other *Air BusinessTools* solutions. Among the approximately 149,000 *AirPA*Y registered accounts[1] as of March 2020, approximately 102,000 accounts have also subscribed to other *Air BusinessTools* solutions. The Company believes the growth in *AirPAY registered* accounts will lead the overall growth of *Air BusinessTools* accounts.

HR Solutions mainly supports enterprise clients' recruiting activities and individual users' job search activities through its job boards tailored to various types of employment such as *Rikunabi*, *Rikunabi NEXT*, and *TOWNWORK*, and placement services such as *RECRUIT AGENT*.

Revenue for Q4 FY2019 was 192.8 billion yen, a decrease of 0.4% year on year. Revenue in Marketing Solutions increased 7.5% year on year mainly supported by growth in Housing & Real Estate, Travel, Beauty and Others. In Marketing Solutions, the impact of the spread of COVID-19 in Q4 FY2019 was limited as the adverse impact became significant beginning in March. However, due to social distancing and other COVID-19 related restrictions, Travel and Dining were impacted earlier than other businesses. In Travel, quarterly revenue growth from Q1 through Q3 had been approximately 20% year on year due primarily to a price revision implemented in April 2019. However, as both the number of hotel guests booked and the price per night declined in Q4, the revenue growth rate in Travel decreased to 12.7% for Q4 FY2019. Quarterly revenue in HR Solutions decreased 8.6% mainly due to Recruiting in Japan, as enterprise clients in most industries turned cautious on hiring and reduced job advertising spend in response to the challenging business environment created by the spread of COVID-19. Revenue for FY2019 was 755.9 billion yen, an increase of 4.8% year on year. This was mainly due to increased revenue in Marketing Solutions.

Segment adjusted EBITDA for Q4 FY2019 was 34.2 billion yen, an increase of 6.1% year on year. In Marketing Solutions, adjusted EBITDA decreased as a result of strategic marketing investments in each business area. In HR Solutions, cost management in response to the spread of COVID-19 and controlled marketing investments resulted in increased adjusted EBITDA. Segment adjusted EBITDA margin was 17.8%. Segment adjusted EBITDA for FY2019 was 182.9 billion yen, an increase of 6.1% year on year, and segment adjusted EBITDA margin was 24.2%. Adjusted EBITDA in Marketing Solutions increased mainly due to the increased revenue, and adjusted EBITDA in HR Solutions increased primarily by the cost control and reduced marketing investment.

Media & Solutions recorded goodwill and intangible asset impairment losses of 18.1 billion yen related to its overseas operations in Q4 FY2019, including 14.5 billion yen relating to Hotspring Ventures Limited, the entity that operates *Treatwell*. The goodwill impairment loss related to *Treatwell* was mainly due to a change in the segment business strategy, which resulted in a decrease in *Treatwell's* future cash flow forecast. Media & Solutions decided to prioritize its SaaS solutions business for future investment in order to accelerate growth. As a consequence, the strategy for *Treatwell* shifted from business expansion, which requires long-term investments, to stable operation with minimum investment.

Note: Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts)

The operating results and relevant data for Media & Solutions are as follows:

(In billions of yen)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2020	Variance	% change	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Variance	% change
Segment revenue	193.7	192.8	(0.8)	-0.4%	721.4	755.9	34.4	4.8%
Marketing Solutions	105.2	113.0	7.8	7.5%	400.4	438.5	38.1	9.5%
Housing and Real Estate	28.1	30.6	2.5	9.0%	104.1	113.3	9.2	8.9%
Bridal	13.0	12.2	(0.8)	-6.2%	54.9	52.0	(2.9)	-5.3%
Travel	14.9	16.8	1.8	12.7%	61.6	73.4	11.7	19.1%
Dining	10.0	9.8	(0.2)	-2.1%	38.8	39.2	0.3	0.9%
Beauty	18.7	21.1	2.4	13.3%	72.0	81.6	9.5	13.3%
Others	20.3	22.3	1.9	9.7%	68.7	78.9	10.1	14.7%
HR Solutions	86.6	79.1	(7.4)	-8.6%	316.8	314.1	(2.6)	-0.9%
Recruiting in Japan[1]	78.2	70.0	(8.1)	-10.5%	283.9	277.8	(6.1)	-2.2%
Others	8.3	9.1	0.7	8.9%	32.8	36.2	3.4	10.4%
Eliminations and Adjustments (Media & Solutions)	1.9	0.6	(1.2)	-65.8%	4.1	3.1	(0.9)	-23.4%
				%				
Segment adjusted EBITDA[3]	32.2	34.2	1.9	6.1%	172.4	182.9	10.4	6.1%
Marketing Solutions[3, 4]	18.8	18.6	(0.2)	-1.4%	109.8	115.9	6.1	5.6%
HR Solutions[3, 4]	17.9	18.8	0.8	5.0%	79.2	83.4	4.2	5.3%
Eliminations and Adjustments[3, 4] (Media & Solutions)	(4.5)	(3.1)	1.3	-	(16.6)	(16.5)	0.0	-
Segment adjusted EBITDA margin[3]	16.7%	17.8%	1.1pt	-	23.9%	24.2%	0.3pt	-
Marketing Solutions[3, 4]	18.0%	16.5%	-1.5pt	-	27.4%	26.4%	-1.0pt	-
HR Solutions[3, 4]	20.7%	23.7%	3.1pt	-	25.0%	26.6%	1.6pt	-

[1] Excluding the non-recurring impact from the sale of a subsidiary in Q2 FY2018 and Q1 FY2019, revenue for the three months and twelve months ended March 31, 2020 decreased by 9.9% and 0.9% respectively year on year.2

[2] For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue from subsidiaries which were sold in prior periods.

[3] EBITDA and EBITDA margin for the three months and twelve months ended March 31, 2019 and adjusted EBITDA and adjusted EBITDA margin for the three months and twelve months ended March 31, 2020.

[4] For the three months and twelve months ended March 31, 2020, the segment profit of some subsidiaries in Marketing Solutions and HR Solutions is not adjusted for the impact of the adoption of IFRS 16. The effect of this is not material and such amount is included in Eliminations and Adjustments.

Business Key Performance Indicators	FY2018				FY2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Hot Pepper Gourmet Number of seats reserved online (Dining)[1, 2, 3]	19.05	37.18	65.77	88.50	21.81	42.40	72.95	92.89
Hot Pepper Beauty Number of online reservations (Beauty)[1, 2, 3]	22.72	47.19	71.63	96.99	27.82	57.27	86.15	114.54
AirREGI registered accounts[4, 5]	349	364	381	402	422	449	469	488
Paid *Study Sapuri* users (Others, Marketing Solutions)[4, 6]	559	586	598	614	741	759	764	799

[1] Pre-cancellation reservation basis.
[2] Cumulative total from the beginning of each fiscal year
[3] Figures are shown in millions.
[4] Figures are shown in thousands.
[5] Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts)
[6] The total number of paid users for high school, junior high school, elementary school and English courses

RECRUIT

Staffing

Staffing offers temporary staffing and other related services for a multitude of industries and a wide range of jobs and is composed of two major operations: Japan and Overseas. Both operations implement the Unit Management System, which divides an organization into smaller units focused on the local markets they serve. Each unit is regarded as a distinct company, and the Unit Manager is given authority to make decisions to maximize each unit's profitability.

Revenue for Q4 FY2019 was 297.7 billion yen, a decrease of 2.1% year on year. Revenue in Japan operations increased, reflecting continued strong demand from enterprise clients due to the tight labor market.The adverse impact of the spread of COVID-19 on Japan operations was limited in Q4 FY2019. Revenue in Overseas operations decreased, primarily due to the negative impact of foreign exchange rate movements of 6.8 billion yen and the ongoing uncertain outlook of the global economy intensified by the global spread of COVID-19. Excluding the negative impact of foreign exchange rate movements, segment revenue for Q4 FY2019 increased by 0.1% year on year. Revenue for FY2019 was 1.24 trillion yen, a decrease of 3.3% year on year. Excluding the negative impact of foreign exchange rate movement of 38.9 billion yen, revenue decreased by 0.2% year on year.

Segment adjusted EBITDA for Q4 FY2019 was 16.2 billion yen, an increase of 18.5% year on year, and segment adjusted EBITDA margin was 5.4%. Adjusted EBITDA for Japan operations increased, mainly due to increased revenue, and adjusted EBITDA margin was 7.1% in Q4 FY2019, increased from the Q4 FY2018 adjusted EBITDA margin of 5.0%. Adjusted EBITDA for Overseas operations decreased, and adjusted EBITDA margin was 3.9% in Q4 FY2019, decreased from the Q4 FY2018 EBITDA margin of 4.1%. Segment adjusted EBITDA for FY2019 was 81.2 billion yen, a decrease of 2.0% year on year, and adjusted EBITDA margin remained flat at 6.5% compared to 6.4% for FY2018. Adjusted EBITDA for Japan operations increased, mainly due to increased revenue, and adjusted EBITDA margin was 8.3% in FY2019, increased from 7.9% for FY2018. Adjusted EBITDA for Overseas operations decreased, and adjusted EBITDA margin was 5.0% in FY2019, decreased from 5.3% for FY2018.

Staffing recorded impairment losses of 12.8 billion yen for Q4 FY 2019 including goodwill impairment of 7.8 billion yen for Chandler Macleod Group Limited in Australia and an intangible asset impairment of 3.8 billion yen for USG People Germany GmbH. These were mainly due to decreased future cash flow forecasts as a result of revised business projections, reflecting business performance in FY2019 which were negatively affected by uncertain economic outlook in markets such businesses operate, as well as the expectation of the negative impact caused by COVID-19 to continue for a certain period of time.

In the current uncertain global economic environment, the segment continues to focus on utilizing the Unit Management System to control its adjusted EBITDA margin.

The operating results for Staffing are as follows:

(In billions of yen)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2020	Variance	% change	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Variance	% change
Segment revenue	304.1	297.7	(6.4)	-2.1%	1,290.2	1248.1	(42.1)	-3.3%
Japan	133.4	143.6	10.2	7.7%	542.5	567.8	25.2	4.7%
Overseas[1]	170.7	154.0	(16.6)	-9.8%	747.7	680.3	(67.3)	-9.0%
Segment adjusted EBITDA[2]	13.6	16.2	2.5	18.5%	82.9	81.2	(1.6)	-2.0%
Japan[2]	6.6	10.2	3.5	53.7%	43.0	47.1	4.1	9.5%
Overseas[2]	7.0	5.9	(1.0)	-15.0%	39.8	34.1	(5.7)	-14.5%
Segment adjusted EBITDA margin[2]	4.5%	5.4%	0.9pt	-	6.4%	6.5%	0.1pt	-
Japan[2]	5.0%	7.1%	2.1pt	-	7.9%	8.3%	0.4pt	-
Overseas[2]	4.1%	3.9%	-0.2pt	-	5.3%	5.0%	-0.3pt	-

[1] Excluding the negative impacts of foreign exchange rate movements, the Overseas revenue for the three months and twelve months ended March 31, 2020 decreased by 5.7% and 3.8% respectively year on year.

[2] EBITDA and EBITDA margin for the three months and twelve months ended March 31, 2019 and adjusted EBITDA and adjusted EBITDA margin for the three months and twelve months ended March 31, 2020.

Revenue by Region for FY2019[1]

(In billions of yen)	Japan	North America	Europe	Australia
Revenue	567.8	188.3	347.4	144.7

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

The Outstanding Amount of Goodwill for each SBU as of March 31, 2020

(In billions of yen)	Outstanding Goodwill
HR Technology	196.4
Media & Solutions	1.8
Japan	-
Overseas	1.8
Staffing	184.8
Japan	27.7
North America	13.9
Europe	137.6
Australia	5.5
Total	383.1

Capital Resources and Liquidity

Financial Policy

The goal of the Company's financial policy is to maintain a strong consolidated financial position resulting in appropriate credit ratings. Financing through borrowings is utilized as necessary, to achieve the goals of this policy.

The Company believes it is important to maintain a sufficient level of shareholders' equity in order to be able to respond flexibly to investment opportunities for future growth, while at the same time enhancing its ability to address possible risks relating to its business operations and assets. Equity attributable to owners of the parent was 988.4 billion yen and the ratio of equity attributable to owners of the parent to total assets was 49.4% as of March 31, 2020.

The Company focuses on achieving capital efficiency above the cost of shareholders' equity on a consolidated basis and sets its Return on Equity (ROE) target at approximately 15%. In order to achieve this target, a hurdle rate exceeding the cost of capital is applied when evaluating each investment opportunity.

The Company aims to provide stable and sustainable dividends by comprehensively evaluating both earnings and shareholders' equity. The Company has set a consolidated dividend payout ratio target of approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses. The Company may consider implementing share repurchase programs, depending on the capital markets environment and outlook of its financial position.

Use of Capital

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

Fundraising

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

For short-term working capital, the Company primarily utilizes borrowings from financial institutions and/or commercial paper. For mid- to long-term needs, the Company raises funds mainly through borrowings from financial institutions and/or the bond market. To maintain flexible financing capabilities, the Company has registered a maximum 200 billion yen worth of corporate bonds for potential issuances, the full amount of which is unused as of March 31, 2020.

The Company has also entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital funds efficiently. The maximum amount of borrowings under these overdraft agreements is 113 billion yen as of March 31, 2020, and the entire amount remains unused. In addition, the Company entered into a committed credit facility agreement providing for committed credit facilities with a total maximum borrowing amount of 399.9 billion yen on April 30, 2020. The entire amount available under these credit facilities remains unused as of May 27, 2020. The Company maintains agreements with the aim of ensuring sufficient liquidity in the event of significant changes in the business environment.

Interest-bearing Debt

The table below sets forth a breakdown of the book value of bonds and borrowings by payment due period as of March 31, 2020. Each amount shown is the required cash outflow by payment due period excluding discounts and including interest payments.

(In millions of yen)		Payment due period		
	Book value	1 year or less	Over 1 year through 5 years	Over 5 years
Bonds	49,927	71	50,159	-
Borrowings	86,772	25,820	62,671	1,295
Total	136,699	25,891	112,830	1,295

Credit Ratings

The Company had long-term credit ratings of AA- from Rating and Investment Information, Inc. (R&I), A3 from Moody's Japan, and A from S&P Global Rating Japan as of March 31, 2020.

Cash Management

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

The Company maintains internal liquidity of cash and cash equivalents by consolidating the cash management operations of all currencies to the Holding Company and its subsidiaries, which provide internal treasury management services. The Company seeks to maintain a sufficient cash position to maintain financial stability through potential changes in the economic environment including financial crises, and to create flexibility for investment opportunities that enable future growth. The amount of cash and cash equivalents is 421.2 billion yen and the amount of net cash[1] is 284.5 billion yen as of March 31, 2020.

[1] Net cash = cash and cash equivalents - interest-bearing debt
[2] Interest-bearing debt includes bonds and borrowings, excluding lease liabilities.

RECRUIT

Fund Management

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

Analysis of Consolidated Financial Position

(In billions of yen)	As of March 31, 2019	As of March 31, 2020	Variance	% change
Assets				
Total current assets	809.0	829.9	20.9	2.6%
Total non-current assets	939.9	1,168.9	228.9	24.4%
Total assets	1,748.9	1,998.9	249.9	14.3%
Liabilities				
Total current liabilities	497.5	511.7	14.1	2.8%
Total non-current liabilities	279.1	491.4	212.3	76.1%
Total liabilities	776.7	1,003.1	226.4	29.2%
Equity				
Total equity attributable to owners of the parent	965.7	988.4	22.6	2.3%
Non-controlling interests	6.4	7.2	0.8	12.6%
Total equity	972.2	995.7	23.4	2.4%

Assets

Current assets increased by 20.9 billion yen (2.6%) from the end of FY2018. This was mainly due to an increase in cash and cash equivalents.

Non-current assets increased by 228.9 billion yen (24.4%) from the end of FY2018. This was mainly due to an increase in right-of-use assets, which resulted from the application of IFRS 16.

Liabilities

Current liabilities increased by 14.1 billion yen (2.8%) from the end of FY2018. This was mainly due to a decrease in income tax payables, despite an increase in lease liabilities resulting from the application of IFRS 16.

Non-current liabilities increased by 212.3 billion yen (76.1%) from the end of FY2018. This was mainly due to an increase in lease liabilities resulting from the application of IFRS 16.

Equity

Equity increased by 23.4 billion yen (2.4%) from the end of FY2018. This was mainly due to an increase in retained earnings, primarily as a result of an increase in profit attributable to owners of the parent, despite a decrease in equity through the purchase of treasury stock and a decrease in other components of equity, which resulted primarily from the fluctuation of foreign exchange rates.

Analysis of Consolidated Cash Flows

(In billions of yen)	FY2018	FY2019	Variance
Net cash flows from operating activities	276.9	303.3	26.3
Net cash flows from investing activities	(204.6)	(88.9)	115.6
Net cash flows from financing activities	(68.5)	(192.7)	(124.1)
Effect of exchange rate changes on cash and cash equivalents	9.2	(3.2)	(12.5)
Net increase (decrease) in cash and cash equivalents	13.0	18.3	5.2
Cash and cash equivalents at the beginning of the year	389.8	402.9	13.0
Cash and cash equivalents at the end of the year	402.9	421.2	18.3

Cash and cash equivalents as of the end of FY2019 were 421.2 billion yen, an increase of 18.3 billion yen from the end of FY2018, since cash inflows from operating activities exceeded cash outflows from investing and financing activities.

Cash Flows from Operating Activities

This was primarily attributable to the recording of profit before tax and adjustments to non-monetary items such as depreciation and amortization, despite the recording of income taxes paid.

Cash Flows from Investing Activities

This was primarily attributable to the recording of payment for purchase of intangible assets.

Cash Flows from Financing Activities

This was primarily attributable to the recording of payment for purchase of treasury stock and dividends paid.

Consolidated Financial Guidance for FY2020

Due to the uncertainty and the rapidly evolving conditions around the world, the Company is unable at this time to reliably predict the impact that the global spread of COVID-19 will have on its FY2020 financial performance. As a result, the Company is not providing guidance or FY2020 at this time. However, based on the broad impact on the business performance since early March, the Company currently expects that the global spread of COVID-19 will have a significant adverse impact on financial performance in Q1 FY2020, as the Company's consolidated revenue in April decreased approximately 21%[1] year on year. The Company expects the global spread of COVID-19 may continue to impact performance in Q2 FY2020 and beyond. The Company plans to provide consolidated financial guidance for FY2020 when the Company is able to reasonably estimate the magnitude of the impact of the global spread of COVID-19 on its business.

The Company's HR Matching businesses, which are comprised of HR Technology, Staffing, and HR Solutions in Media & Solutions, have been negatively affected, as employers have turned cautious on hiring while assessing the current economic situation and adapting to social distancing and other restrictions in many countries around the world. Marketing Solutions has also been negatively affected by reduced demand for advertising services, especially in Travel, Dining, and Bridal businesses as a result of the state of emergency and shelter-in-place request in Japan. Although the Company expects the global spread of COVID-19 to continue to negatively impact the Company's business, the duration and extent of the adverse impact of the global spread of COVID-19 remains highly uncertain.

Latest Business Operation Update by Segment

HR Technology

HR Technology remains focused on its mission to help people get jobs and its long term strategy of creating efficiency in the recruiting process. Both Indeed and Glassdoor have seen a materially negative impact on their job advertising business since mid March. Companies are posting fewer new jobs and lowering recruiting budgets as they assess the current economic situation and adapt to social distancing and other restrictions in many countries around the world. At the same time, job seekers are adjusting their search behavior in reaction to the global spread of COVID-19. The immediate result was fewer sponsored job postings and reduced job seeker traffic during March with continued declines in April. On an US dollar basis, year on year monthly revenue[2] increased approximately 26% and 4% in February and March 2020 respectively, and decreased 35% in April 2020. Revenue began to stabilize in mid-April, although the future outlook contains significant uncertainty.

In order to respond to the challenges brought on by the COVID-19 crisis, HR Technology adapted its platforms to help job seekers find jobs quickly and expedited initiatives to help employers who need to hire quickly and effectively at scale. Among these expanded offerings, which are offered for free or at a discount for certain essential roles, are flexible, scalable hiring solutions including virtual hiring events, large scale sourcing and screening services, and full service placement services targeted at helping employers during the pandemic.

In reaction to the economic uncertainty and the negative impact on revenue, in March HR Technology began to adjust its cost base, by reducing marketing costs and enacting an immediate hiring pause to prepare for what could potentially be a prolonged downturn. However, HR Technology will continue to focus its investments on future growth opportunities to accelerate its long term strategy, and to put it in a stronger strategic position to capitalize on future economic expansion, delivering transformative solutions for recruiting and hiring.

Media & Solutions

In Marketing Solutions, as the Japanese government requested people to stay indoors due to the spread of COVID-19, the reduced domestic demand for traveling, dining out, and bridal ceremonies mainly affects enterprise clients' business. As a result, enterprise clients reduced their advertising budgets which negatively affected our business. In HR Solutions, enterprise clients paused hiring due to the deteriorating economic environment and, at the same time, cancelled and postponed hiring events which negatively impacted business performance. As a result, although revenue[2, 3] in February 2020 increased approximately 5%, in March 2020 decreased approximately10%, and in April decreased approximately 23% year on year following Japan's declaration of a state of emergency. In response to this situation, Media & Solutions is focused on managing its operating expenses strategically and flexibly, mainly by reducing marketing expenses.

Staffing

Revenue[2] in February, March, and April 2020 was up by approximately 0.1%, by approximately 0.2% and down by approximately 12% year on year respectively. In Japan operations, the adverse impact of the spread of COVID-19 on the business was limited in February and March 2020, and revenue[2] increased by approximately 2% and approximately 10% year on year respectively. The operating days in February and March 2020 were one day less and one day more respectively compared to the same month in 2019. In Overseas operations, revenue[2] in February and March 2020 decreased by approximately 1% and approximately 7% year on year respectively. The global spread of COVID-19 impacted Overseas operations earlier than Japan operations as many countries started to implement social distancing and other restrictions in March. Revenue[2] in April 2020 for Japan operations increased approximately 9% year on year with one more operating day compared to the same month in 2019, whereas Overseas operations decreased approximately 29% year on year.

Cash Liquidity

As of the end of FY2019, the amount of cash and cash equivalents was 421.2 billion yen and the amount of interest-bearing debt[4] was 136.6 billion yen. A dividend payment of 24.7 billion yen and repayment of interest-bearing debt of 12.4 billion yen are expected to be made in June and July 2020, respectively. The Company believes that it has sufficient cash liquidity to make these payments. On April 30, 2020, the Company entered into a committed credit facility agreement of 399.9 billion yen with a syndicate of financial institutions. While the company has no immediate plans to draw on the new credit facility, it aims to ensure the Company has sufficient liquidity to manage through this unprecedented period.

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[1] Monthly revenue reporting represents the unaudited financial results of operating companies as reported on a monthly basis (before applying intercompany eliminations or adjustments), which may differ in certain material respects from the consolidated financial results of the Company reported under IFRS. Accordingly, monthly revenue figures are not comparable to consolidated revenue reported by the Company and should not be regarded as a substitute for the consolidated financial results of the Company.

[2] Monthly revenue reporting represents the unaudited financial results of operating companies as reported on a monthly basis (excluding the impact of foreign exchange rate movements and before applying intercompany eliminations or adjustments), which may differ in certain material respects from the consolidated financial results of the Company reported under IFRS. Accordingly, monthly revenue figures are not comparable to consolidated revenue reported by the Company and should not be regarded as a substitute for the consolidated financial results of the Company.

[3] The impact of the change in timing of revenue recognition is excluded.

[4] Interest-bearing debt includes bonds and borrowings, excluding lease liabilities.

Basic Policy on Profit Distribution and Dividends

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders to be an important part of its management strategy and aims to provide stable and sustainable dividends by comprehensively taking into account earnings and shareholders' equity. The Company believes that it is important to maintain a sufficient level of shareholders' equity in order to be able to respond flexibly to investment opportunities for future growth while at the same time enhancing its ability to address possible risks relating to its business operations and assets.

Consolidated dividend payout ratio is set at approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses. The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

In accordance with the dividend policy above, total annual dividend for FY2019 is 30.0 yen per share, which consists of an interim dividend of 15.0 yen per share and a year-end dividend of 15.0 yen per share.

The Company basically declares dividends twice a year. Matters stipulated in Article 459, Paragraph 1 of the Companies Act of Japan, including cash dividends, are not resolved at the Annual Meeting of Shareholders, but at Board of Directors meetings, unless otherwise provided by laws and regulations.

The annual dividend forecast for FY2020 is undecided.

Resolution date at the Board of Directors meetings	Total dividend for FY2019 (In million yen)	Dividend per share for FY2019 (yen)
November 13, 2019	25,062	15.0
May 27, 2020	24,748	15.0

2. Overview of the Company

As of March 31, 2020, Recruit Holdings had 366 subsidiaries and 10 associates. Recruit Holdings sets the management policy and oversees the operational management of the Company.

The Company started in 1960 as a business providing job information to students by placing job advertisements for its clients in university newspapers. Since then, the Company has consistently created and operated matching platform businesses connecting individual users and enterprise clients. Currently, the Company is engaged in a wide range of business and has achieved a leading market position by revenue in each.

The Company's three reportable segments are HR Technology, Media & Solutions, and Staffing. The details of each segment are stated below.

HR Technology

HR Technology consists of I*ndeed, Glassdoor*, and other related businesses. *Indeed* and *Glassdoor* are online platforms where people can find jobs and learn about companies. Both *Indeed* and *Glassdoor* have missions that are aligned towards achieving success for job seekers - *Indeed'*s mission is to help people get jobs and *Glassdoor'*s mission is to help people everywhere find a job and company they love.

Indeed created the job aggregation and search model that transformed the job search process for job seekers, and in doing so has become the leading job search engine in the world, attracting approximately 250[1] million monthly unique visitors. Glassdoor has reshaped the way people search for and evaluate jobs and companies, by increasing workplace transparency for job seekers by bringing together jobs with user-generated employer reviews, salaries and insights. As a result, *Glassdoor* has become the leader in company reviews and insights and is a preferred job search resource for career conscious candidates. Both *Indeed* and *Glassdoor* offer a suite of tools for job seekers that includes job search, resume posting, and company information and reviews.

For employers, *Indeed* and *Glassdoor* offer solutions to recruit and hire talent. Each company provides employers the opportunity to post and advertise jobs and build their company's employment brand. Indeed provides an efficient source of candidates through its pay-per-performance job advertising pricing model. *Indeed* also provides a range of products for employers to source and screen candidates including from its database of millions of resumes. *Glassdoor* helps employers attract candidates and hire talent through employer branding and job advertising products.

[1] Source: Internal data based on Google Analytics service, Q4 FY2019

Media & Solutions

Media & Solutions consists of two businesses, Marketing Solutions and HR Solutions.

Marketing Solutions provides individual users a multitude of choices and information in areas of their life such as housing and real estate, bridal, travel, dining and beauty through its online platforms and print media. Marketing Solutions helps enterprise clients attract users through advertisements on its online platforms and print media, and offers services including software as a service ("SaaS"). SaaS products include *Air BusinessTools*, a comprehensive bundled suite of cloud-based solutions to support day-to-day management and operations. *Air BusinessTools* include reservations, CRM, POS system, payments, workforce management, hiring functions and other areas.

The Housing and Real Estate business operates *SUUMO*, an online platform and print media, which provides information related to home purchases, sales, rentals and renovation services. *SUUMO* Counter offers in-person consultation services for purchasing newly built condominiums and custom designed homes.

The Bridal business operates *Zexy,* a magazine and online platform, which provides comprehensive information to organize customized wedding events. *Zexy* also provides in-person consultation services for selecting wedding facilities.

The Travel business operates *Jalan,* an online platform and print media, which provides information about hotels, guided tours, and sightseeing locations in Japan. The *Jalan* online platform also offers an online booking service.

The Dining business operates *Hot Pepper Gourmet*, an online platform and print media, which provides information about restaurants as well as discount coupons. The *Hot Pepper Gourmet* online platform offers various services to individual users such as online reservations and a scheduling function for invited guests. *Restaurant BOARD*, a cloud-based reservation and customer management system, is provided to restaurant clients to improve their operational efficiency.

The Beauty business operates *Hot Pepper Beauty*, an online platform and print media, which provides individual users with information about hair treatments, relaxation, and other salon services. The *Hot Pepper Beauty* online platform offers an online booking service as well as a search function to find available time slots of selected hair stylists, nail technicians, etc. *SALON BOARD*, a cloud-based reservation and customer management system, is provided to beauty salon clients to improve their operational efficiency.

Others in Marketing Solutions include *Car Sensor*, an online platform and print media, providing information on pre-owned automobiles for potential buyers, *Study Sapuri Shinro*, an online platform and print media, which provides higher education and career information primarily for high school students, and *Study Sapuri*, an online learning support platform for students and adults. Also, *Air BusinessTools*, which are cloud-based operational support services such as *AirREGI* and *AirPAY,* are provided, primarily to dining and beauty enterprise clients, to improve their managerial and operational efficiency.

HR Solutions mainly supports enterprise clients' recruiting activities and individual users' job search activities through its online and offline job advertising services tailored to various types of employment. The services include online job boards (*Rikunabi* for new graduates and *Rikunabi Next* for professionals), employment placement service *Recruit Agent*, and an online platform and print media for part-time job seekers, *TOWNWORK.*

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

Staffing

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

Both Japan and Overseas operations implement the Unit Management System, which divides an organization into smaller units based on differences in the markets they serve. Each unit is regarded as a distinct company, and the Unit Manager is given authority to make decisions to maximize each unit’s profitability.

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

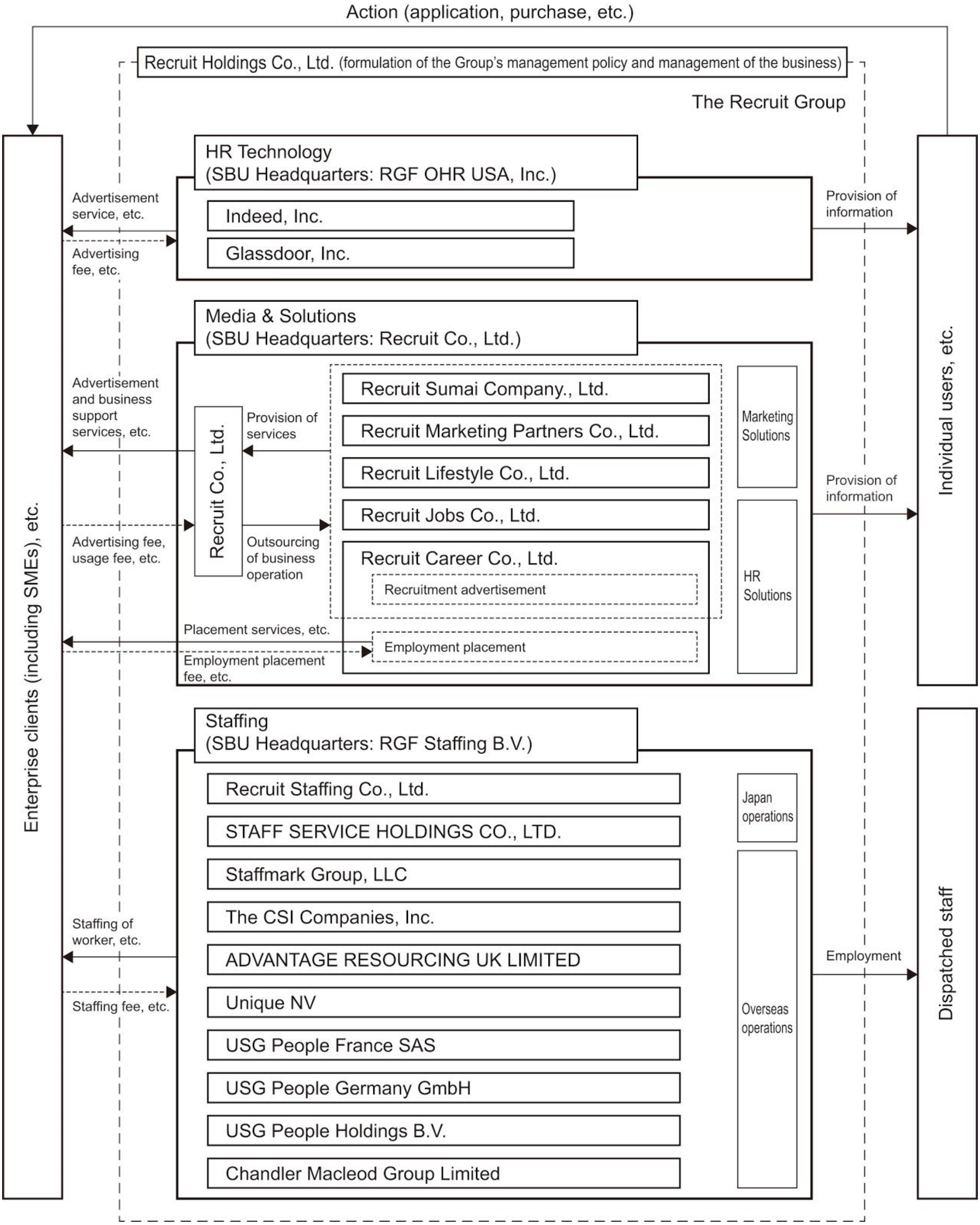
In its Overseas operations, the Company offers services through Staffmark Group, LLC and The CSI Companies, Inc. in North America, Chandler Macleod Group Limited mainly in Australia, and, in Europe, through ADVANTAGE RESOURCING UK LIMITED, Unique NV, USG People France SAS, USG People Germany GmbH, and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

The following table presents main companies, brands and services for each reportable segment, as of March 31, 2020.

Segment/ SBUHeadquarters	Operations	Business Description	Subsidiaries	Brands and Services
HR Technology RGF OHR USA, Inc.	-	Global job search platform offering advertising services and recruiting solutions	Indeed, Inc. Glassdoor, Inc.	***Indeed*** Online job platform and company information site
				Glassdoor Online job platform and company information site
Media & Solutions Recruit Co., Ltd.	Marketing Solutions	Business solutions for enterprise clients and support for users' daily decision making through online platforms and print media in a variety of areas, such as housing and real estate, bridal, travel, dining and beauty	Recruit Sumai Company Ltd. Recruit Marketing Partners Co., Ltd. Recruit Lifestyle Co., Ltd.	***SUUMO*** Online platform, print media, and in-person consultation service for housing and real estate
				Zexy Magazine, online platform and in-person consultation service for wedding planning
				Jalan Online platform and print media for travel in Japan
				Hot Pepper Gourmet Online platform and print media for dining
				Hot Pepper Beauty Online platform and print media for beauty treatment
				Car Sensor Online platform and print media for pre-owned automobiles
				Study Sapuri Shinro Online platform and print media to provide higher education and career information for high school students
				Study Sapuri Online learning support platform for students and adults
				Air BusinessTools Cloud-based operational and management support services for enterprise clients such as accounting and payment systems
	HR Solutions	A variety of HR services through online platforms and print media for job seekers and enterprise clients	Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	***Rikunabi*** Job searching information website for new graduates
				Rikunabi NEXT Job searching information website for professionals
				RECRUIT AGENT Employment placement service for professionals
				TOWNWORK Online platform and print media for part-time and full-time jobs
Staffing RGF Staffing B.V.	Japan	Staffing services in Japan	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.	-
	Overseas	Staffing services mainly in North America, Europe, and Australia	Staffmark Group, LLC The CSI Companies, Inc. ADVANTAGE RESOURCING UK LIMITED Unique NV USG People France SAS USG People Germany GmbH USG People Holdings B.V. Chandler Macleod Group Limited	-

Operational Chart

An overview of the business models of the major subsidiaries is as follows.



3. Management Philosophy and Strategies

Management Philosophy

Recruit Group Management Philosophy is defined by its Basic Principle, Vision, Mission and Values as follows:

Basic Principle

We are focused on creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.

Vision

Follow Your Heart

We envision a world where individuals and businesses can focus on what really matters. The more people are free to pursue their passions, the better our future becomes.

Mission

Opportunities for Life.
Faster, simpler and closer to you.

Since our foundation, we have connected individuals and businesses offering both a multitude of choices.

In this era of search, where information has become available anytime anywhere, we need to focus more on proposing the optimal choice. We seek to provide "Opportunities for Life" much faster, surprisingly simpler and closer than ever before.

Values

Wow the World

What we do isn't a job. We enjoy exploring what is possible for our future. We question the status quo, fail well and overcome with resilience. We are a force for change.

Bet on Passion

We are a team of people fueled by curiosity. We respect and capitalize on each other's differences. We know that one person's crazy idea, when backed by data and research, can become the best bet.

Prioritize Social Value

We, as global citizens, strive to contribute to a sustainable society through all of our corporate activities. Each one of us is committed to seeking out the needs of society and taking action for a better future.

The Company has developed the Ribbon Model, a two-sided marketplace business model to align with its management philosophy. By providing a common platform through which individual users can find the service that best meets their needs, enterprise clients can connect with their ideal customers, and the Company can facilitate the best possible matches for the mutual benefit of both parties. In recent years, technological advancement has enabled the Company to improve matching efficiency, which results in better matching solutions for individual users. The Company also focuses on providing services to small and medium-sized enterprise (SME) clients to improve their management and operational efficiency.

Target Management Key Performance Indicators (KPIs)

The Company aims to flexibly and aggressively pursue various growth investments including mergers and acquisitions (M&A), in order to achieve profitable growth over the long-term, through a focus on managing an appropriate balance of investments and earnings growth while increasing shareholder value. Therefore, the Company has set adjusted EBITDA[1] and adjusted EPS[2] as target management KPIs to maximize its enterprise value. Also, executive officers compensations are linked to target management KPIs to align with shareholder interests.

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

[2] Adjusted EPS = adjusted profit[3] / (number of shares issued at the end of the period - number of shares of treasury stock at the end of the period)

[3] Adjusted profit = profit attributable to owners of the parent ± adjustment items[4] (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items

[4] Adjustment items = amortization of intangible assets arising due to business combinations ± non-recurring income/losses[5]

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

The Company adopted IFRS 16 in FY2019, and changed its accounting policy. Pursuant to IFRS 16, a lessee generally must recognize a "right-of-use asset" for all leases, such asset representing the right to use the underlying asset over the term of such leases. A lessee must also recognize as its financial liability the lessee's obligation to make future lease payments. Under previous accounting standards, IAS 17, a company recorded lease payments of operating leases as rent expense. However under IFRS 16, a company must record depreciation of its right-of-use assets and interest expense on its lease liability. As a result of the adoption of IFRS 16, EBITDA will increase because rent expense will decrease, while the depreciation of the right-of-use asset will increase. Therefore the Company decided to change the management KPI from EBITDA to adjusted EBITDA (such EBITDA is adjusted to exclude the main impact of the IFRS 16 adoption) to ensure comparability with the prior management KPI.

Business Strategies

The Company believes swift decision-making is essential to maximize enterprise value and shareholder value. In order to do so, the Company actively responds to the rapidly transforming technology and internet landscape and by identifying business opportunities globally. Therefore, the Company operates its businesses through each of its three Strategic Business Units ("SBU"s): HR Technology, Media & Solutions and Staffing.

The Company has established respective SBU Headquarters in order to further reinforce global, swift decision making. This organizational structure enhances the management capabilities of each SBU Headquarters and enables each SBU Headquarters to execute its own strategy in a self-sustaining and self-disciplined manner. The SBU structure also enables the Company to focus on and strengthen its holding company functions, including group governance and monitoring. Through these positive aspects of the SBU structure, the Company aims to increase its enterprise value.

The business strategies for each SBU are as follows:

HR Technology aims to further grow sponsored job advertising and recruiting solutions globally through Indeed and Glassdoor. The demand for an efficient job seeking experience and recruiting process empowered by technology continues to rise. The SBU aims to drive future growth by investing in product development and M&A to make recruiting and hiring processes more efficient.

Media & Solutions strives for further growth through its media advertising businesses and by providing SaaS solutions to support day-to-day SME operations. The Company has developed strong relationships with SMEs cultivated by its nation-wide sales team, and established a unique position as a multiple service provider for these businesses. Media & Solutions has identified a significant untapped opportunity in SMEs' non-advertising expenditures by providing value-added SaaS solutions that can potentially reduce their operational and managerial costs. Media & Solutions continues to aim for stable growth, while SaaS solutions to focus on increasing the number of accounts. Media & Solutions will proactively invest in product development and marketing for SaaS solutions, while aiming to maintain the overall profitability of the segment.

Mid- to Long-Term Strategies and Issues to be Addressed

The Company sets two mid- to long-term strategies.

1. Aim to become the global leader of the HR Matching market

The Company aims to become the global leader in the HR Matching market, which the Company estimates was roughly 159 billion US dollars[1] in terms of annual revenue in 2019, by utilizing innovation and creativity driven by technology. The HR Matching market includes job advertising and talent sourcing tools, placement and search, and temporary staffing.

The global online job advertising and talent sourcing tools market, which is currently the main business of HR Technology, is estimated by the Company to have been roughly 17 billion US dollars[2] in terms of annual revenue in 2019. In the future, the Company expects the online job advertising and talent sourcing tools market to grow in the long term, whereas the offline job advertising market, which the Company estimates was more than 4 billion US dollars in terms of annual revenue in 2019, continues to flow into online channels. The Company focuses on long-term growth in this market by improving the efficiency of the job seeking and recruiting experience through online tools.

The placement and search market is estimated to have been roughly 55 billion US dollars[4] in terms of annual revenue globally in 2019. The Company currently operates in this market primarily through HR Solutions in Media & Solutions, and this market has been dominated by the traditional relationship-based business model. The Company aims to grow its business in this market by providing services through *Indeed Hire,* which aims to offer highly efficient solutions at lower prices compared to the industry average, using technology and automation to differentiate its solutions from competing services.

The temporary staffing market is estimated to be roughly 441 billion US dollars[4] in annual revenue globally in 2019, while the total gross profit for all staffing companies, which is calculated by subtracting the amount of salary for temporary staff and related costs from the total revenue, is estimated by the Company to have been roughly 82 billion US dollars[5] in 2019. The Company sees mid-to-long-term opportunities to introduce technology-driven solutions that create efficiencies by automating human-driven processes involved in traditional temporary staffing services. The Company intends to explore the development of new and innovative solutions in temporary staffing to capture future opportunities by leveraging technology.

The Company believes the size of the global HR Matching market will decrease significantly in the near-term, including in 2020 due to the impact of the COVID-19 pandemic as revenue in the HR Matching market tends to be highly correlated with overall economic growth as well as conditions in the labor market. However, the resulting uncertainty and rapidly evolving conditions around the world prevent the Company from reliably predicting the magnitude of the negative impact on the HR Matching market in 2020 or subsequent years. During these unprecedented times, the Company remains fully committed to supporting job seekers and employers through its resources and technology. The Company will continue to invest proactively and strategically to become a global leader in the HR Matching market in the mid- to long-term.

2. Improve productivity of clients' businesses through SaaS solutions with a focus on *Air BusinessTools*

The Company believes there is a sizable long-term growth opportunity to provide operational support services empowered by technology, that is delivered through SaaS solutions to help improve productivity for SMEs in Japan.

Air BusinessTools provides a comprehensive bundled suite of cloud-based solutions to support the day-to-day management and operations of a business, through solutions such as *AirREGI* and *AirPAY* to existing clients of Media & Solutions' advertising business, as well as new clients.

The Company aims to solve various challenges SMEs face every day in their business operations by providing *Air BusinessTools* across a variety of industries in Japan. SaaS solutions enable SMEs to spend less time on back-office related work and spend more time on their main businesses, which improves operational efficiency, enhances productivity, and contributes to the overall sustainability of SMEs' businesses. As a result, the Company believes that SaaS solutions support SMEs in growing their businesses and increasing customer satisfaction.

Air BusinessTools is focused on increasing the number of accounts by leveraging the Company's strong market position and relationships with existing clients while at the same time attracting new SME clients through online media and other channels. In order to further enhance the operational efficiency of SME clients, *Air BusinessTools* proactively seeks opportunities to collaborate with third-party services to expand the services provided on the *Air BusinessTools* platform.

The Company estimates there may be roughly 2.9 million business locations and stores[7] in Japan at which *Air BusinessTools* can be used, which represents a sizable growth opportunity. Recently, the number of accounts for *AirPAY,* a SaaS solution for accepting cashless payments, has significantly increased which was supported by the Japanese government initiative to encourage business owners to accept cashless payments in conjunction with the consumption tax hike. *AirPAY* had approximately 149,000 registered accounts[8] as of March 2020, an increase of 167% compared to March 2019. The demand for *AirPAY* has continued to be strong after October 2019.

Increasing number of clients who use *AirPAY* have also subscribed to other *Air BusinessTools* solutions. Among the approximately 149,000 *AirPAY registered* accounts[8] as of March 2020, approximately 102,000 registered accounts have also subscribed to other *Air BusinessTools* solutions. The Company believes the growth in *AirPAY* accounts will lead the overall growth o*f Air BusinessTools accounts*.

Platform of *Air BusinessTools*

3. Strengthen the governance of Media & Solutions in response to *Rikunabi DMP Follow* incident

During FY2019, the Personal Information Protection Commission and the Tokyo Labor Bureau issued administrative admonishments and administrative directives to our subsidiaries Recruit Co., Ltd. ("Recruit") and Recruit Career Co., Ltd. due to violations of the Act on Protection of Personal Information and the Employment Security Act in relation to the *Rikunabi DMP Follow* service (which was suspended on August 4, 2019) operated by Recruit Career Co., Ltd. In response to these administrative admonishments and administrative directives, we have implemented various measures with aim of preventing similar incidents in the future and strengthening governance.

In December 2019 Recruit established an Advisory Committee on data usage which includes outside advisors, and held four committees to discuss appropriate data usage and protection of personal information. Reflecting the discussion, Recruit created a "Personal Data Policy" as an integrated written guideline for all operations in the Media & Solutions SBU. Recruit announced it on our website in April 2020 (Japanese only).

In addition, Media & Solutions SBU integrated the legal functions across its major subsidiaries in Japan in April 2020. Other preventive measures have started to be implemented, including establishment of a standardized multi-check process and strengthening employee training regarding personal information protection. These measures will be continued going forward.

[1] Sum of the estimated size of addressable markets for the job advertising & talent sourcing tools market and the placement & search market in terms of annual revenue and addressable markets for the temporary staffing market in terms of annual gross profit, in each case based on the Company's estimates and third party market data as described in the notes below.
[2] Sum of the revenue of HR Technology in 2019, the Company's estimates for revenue of competing job advertising boards in the Company's target operating markets in 2019 based on third party reports and internal research, and the Company's estimates for annual revenue of the talent solutions business of LinkedIn in the Company's target operating markets in 2019 based on publicly available information and internal research.
[3] Amount derived based on the proportion of online to offline spending (excluding TV, cinema and radio advertising) in the overall advertising market in 2019 based on third party reports and the estimated size of global online job advertising and talent sourcing tools market, which the Company estimates was 17 billion US dollars in 2019 using the methodology described in note 2 above.
[4] Source: SIA, Global Staffing Industry Market Estimates and Forecast: May 2020 Update
[5] Amount derived by applying a gross profit margin of 18.6%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2019 to 441 billion US dollars, which was the revenue of the temporary staffing market in 2019 according to SIA (Global Staffing Industry Market Estimates and Forecast, May 2020 Update).
[6] As described above, the estimates of the job advertising & talent sourcing tools market, the placement & search market and the temporary staffing market are based on internal estimates and independent market research in addition to third party market data. Accordingly, the estimates described above may differ materially from the actual size of such markets.
[7] The Company estimated the number of business locations and stores that can use *Air BusinessTools* by first identifying the total number business locations and stores of small and medium-sized enterprises in Japan (using the definition used by the Small and Medium Enterprise Agency) based on the 2016 Economic Census for Business Activity conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry. The Company then estimated the number of these business locations and stores that could use *Air BusinessTools* by aggregating the number of all such business locations and stores operating in all industries in which there were 20 or more existing Air BusinessTools registered accounts (including non-active accounts) as of March 31, 2020. As the Company has estimated such business locations and stores based on data for 2016, it is possible that the estimated number of such business locations and stores would materially differ based on more recent data. In addition, while the estimated number of such business locations and stores that can use *Air BusinessTools* is based on the number of all business locations and stores in all industries in which there were 20 or more existing *Air BusinessTools* registered accounts, there can be no assurance that all such business locations and stores would in fact have a need for the solutions offered by *Air BusinessTools*.
[8] Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts).

Capital Allocation Policy

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

- Investment in existing businesses for future growth
- Stable and sustained dividends
- Strategic M&A mainly focused on HR Technology
- Share repurchase program, depending on the capital markets environment and the outlook of the Company's financial position

The Company's ROE target is approximately 15%. The Company also applies a hurdle rate exceeding the cost of capital when evaluating each investment opportunity, and focuses on achieving capital efficiency above the cost of shareholders' equity on a consolidated basis.

4. Basic Rationale for Selection of Accounting Standards

The Company has been actively expanding its business globally, and in order to further accelerate global expansion in the future, the Company believes it is necessary to reinforce the infrastructure of the Company's operational management and to improve the ease of financial information comparisons for participants in global capital markets. Therefore, the Company adopted IFRS in place of Japanese GAAP at the start of FY2017.

RECRUIT

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(In millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	402,911	421,253
Trade and other receivables	340,254	327,614
Other financial assets	26,903	40,119
Other assets	38,938	40,991
Total current assets	809,007	829,979
Non-current assets		
Property and equipment	74,566	92,200
Right-of-use assets	-	258,230
Goodwill	410,651	383,163
Intangible assets	242,583	216,388
Investments in associates and joint ventures	50,557	64,614
Other financial assets	127,458	120,656
Deferred tax assets	27,451	27,931
Other assets	6,706	5,752
Total non-current assets	939,975	1,168,938
Total assets	1,748,982	1,998,917

(In millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	212,193	219,021
Bonds and borrowings	24,869	24,551
Lease liabilities	-	31,459
Other financial liabilities	1,175	816
Income tax payables	35,327	16,850
Provisions	4,665	5,810
Other liabilities	219,362	213,223
Total current liabilities	497,594	511,733
Non-current liabilities		
Bonds and borrowings	137,212	112,148
Lease liabilities	-	240,254
Other financial liabilities	1,334	2,043
Provisions	8,581	9,489
Net liability for retirement benefits	52,347	53,459
Deferred tax liabilities	52,240	52,912
Other liabilities	27,420	21,132
Total non-current liabilities	279,137	491,440
Total liabilities	776,731	1,003,174
Equity		
Equity attributable to owners of the parent		
Common stock	10,000	40,000
Share premium	49,136	18,904
Retained earnings	942,449	1,067,492
Treasury stock	(32,378)	(113,244)
Other components of equity	(3,431)	(24,702)
Total equity attributable to owners of the parent	965,775	988,449
Non-controlling interests	6,475	7,293
Total equity	972,251	995,743
Total liabilities and equity	1,748,982	1,998,917

(2) Consolidated Statements of Profit or Loss

(In millions of yen)

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2020
Revenue	2,310,756	2,399,465
Cost of sales	1,141,594	1,106,249
Gross profit	1,169,162	1,293,215
Selling, general and administrative expenses	947,041	1,045,380
Other operating income	9,112	5,766
Other operating expenses	8,143	47,589
Operating income	223,090	206,011
Share of profit (loss) of associates and joint ventures	7,894	3,617
Gain (loss) on change in ownership interests in associates	988	12,326
Finance income	8,215	7,503
Finance costs	374	3,309
Profit before tax	239,814	226,149
Income tax expense	64,433	44,899
Profit for the year	175,381	181,249
Profit attributable to:		
Owners of the parent	174,280	179,880
Non-controlling interests	1,101	1,369
Profit for the year	175,381	181,249
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	104.31	108.27
Diluted earnings per share (yen)	104.11	108.07

(3) Consolidated Statements of Comprehensive Income

(In millions of yen)

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2020
Profit for the year	175,381	181,249
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	480	(5,998)
Remeasurements of defined retirement benefit plans	(3,108)	537
Share of other comprehensive income of associates and joint ventures	655	(46)
Subtotal	(1,972)	(5,507)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	294	(22,407)
Effective portion of changes in fair value of cash flow hedges	(246)	(363)
Subtotal	48	(22,771)
Other comprehensive income (loss) for the year, net of tax	(1,924)	(28,278)
Comprehensive income for the year	173,456	152,970
Comprehensive income attributable to:		
Owners of the parent	172,216	151,649
Non-controlling interests	1,240	1,321
Total comprehensive income	173,456	152,970

(4) Consolidated Statements of Changes in Equity

For the Year Ended March 31, 2019

(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 year			174,280				
Other comprehensive income						155	(246)
Comprehensive income for the year	-	-	174,280	-	-	155	(246)
Transfer from other components of equity to retained earnings			(1,972)				
Purchase of treasury stock		(24)		(1,299)			
Disposal of treasury stock		(153)		969	(815)		
Dividends			(42,603)				
Share-based payments					1,224		
Equity transactions with non-controlling interests		(819)					
Other		18	97				
Transactions with owners - total	-	(979)	(44,478)	(329)	408	-	-
Balance at March 31, 2019	10,000	49,136	942,449	(32,378)	4,132	(8,198)	635

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Net change in financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined retirement benefit plans	Total	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 year			-	174,280	1,101	175,381
Other comprehensive income	1,136	(3,108)	(2,063)	(2,063)	139	(1,924)
Comprehensive income for the year	1,136	(3,108)	(2,063)	172,216	1,240	173,456
Transfer from other components of equity to retained earnings	(1,136)	3,108	1,972	-		-
Purchase of treasury stock			-	(1,323)		(1,323)
Disposal of treasury stock			(815)	0		0
Dividends			-	(42,603)		(42,603)
Share-based payments			1,224	1,224		1,224
Equity transactions with non-controlling interests			-	(819)	260	(558)
Other			-	115	(80)	35
Transactions with owners - total	(1,136)	3,108	2,381	(43,406)	179	(43,226)
Balance at March 31, 2019	-	-	(3,431)	965,775	6,475	972,251

For the Year Ended March 31, 2020

(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, 2019	10,000	49,136	942,449	(32,378)	4,132	(8,198)	635
Profit for the year			179,880				
Other comprehensive income						(22,359)	(363)
Comprehensive income for the year	-	-	179,880	-	-	(22,359)	(363)
Transfer from share premium to common stock	30,000	(30,000)					
Transfer from other components of equity to retained earnings			(5,507)				
Purchase of treasury stock		(227)		(81,119)			
Disposal of treasury stock		(2)		253	(246)		
Dividends			(49,269)				
Share-based payments					1,697		
Other		(1)	(58)				
Transactions with owners - total	30,000	(30,232)	(54,836)	(80,866)	1,451	-	-
Balance at March 31, 2020	40,000	18,904	1,067,492	(113,244)	5,584	(30,557)	271

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined retirement benefit plans	Total			
Balance at April 1, 2019	-	-	(3,431)	965,775	6,475	972,251
Profit for the year			-	179,880	1,369	181,249
Other comprehensive income	(6,044)	537	(28,230)	(28,230)	(48)	(28,278)
Comprehensive income for the year	(6,044)	537	(28,230)	151,649	1,321	152,970
Transfer from share premium to common stock			-	-		-
Transfer from other components of equity to retained earnings	6,044	(537)	5,507	-		-
Purchase of treasury stock			-	(81,346)		(81,346)
Disposal of treasury stock			(246)	4		4
Dividends			-	(49,269)	(538)	(49,808)
Share-based payments			1,697	1,697		1,697
Other			-	(60)	35	(25)
Transactions with owners - total	6,044	(537)	6,959	(128,975)	(502)	(129,477)
Balance at March 31, 2020	-	-	(24,702)	988,449	7,293	995,743

(5) Consolidated Statements of Cash Flows

(In millions of yen)

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2020
Cash flows from operating activities		
Profit before tax	239,814	226,149
Depreciation and amortization	71,122	115,762
(Gain) loss on sales of investments in subsidiaries	(7,501)	(3,303)
(Gain) loss on change in ownership interests in associates	(988)	(12,326)
(Increase) decrease in trade and other receivables	(14,311)	5,372
Increase (decrease) in trade and other payables	7,742	9,776
Other	7,247	26,609
Subtotal	303,125	368,039
Interest and dividends received	6,656	6,031
Interest paid	(446)	(3,304)
Income taxes paid	(32,375)	(67,440)
Net cash provided by operating activities	276,960	303,325
Cash flows from investing activities		
Payment for purchase of property and equipment	(28,480)	(34,657)
Payment for purchase of intangible assets	(47,285)	(48,602)
Payment for purchase of shares of subsidiaries	(126,847)	(10,758)
Proceeds from sales of shares of subsidiaries	8,041	3,413
Other	(10,047)	1,612
Net cash used in investing activities	(204,619)	(88,993)
Cash flows from financing activities		
Repayments of long-term borrowings	(24,957)	(24,957)
Repayments of lease liabilities	-	(39,096)
Payment for purchase of treasury stock	(1,323)	(81,346)
Dividends paid	(42,616)	(49,268)
Other	376	1,948
Net cash used in financing activities	(68,521)	(192,721)
Effect of exchange rate changes on cash and cash equivalents	9,270	(3,269)
Net increase (decrease) in cash and cash equivalents	13,088	18,342
Cash and cash equivalents at the beginning of the year	389,822	402,911
Cash and cash equivalents at the end of the year	402,911	421,253

RECRUIT

(6) Going Concern Assumption

Not applicable.

(7) Notes to Consolidated Financial Statements

1. Changes in Accounting Policies

The Company has applied IFRS 16 "Leases" ("IFRS 16") using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

At the inception of a lease contract, the Company assesses whether the contract is, or contains, a lease based on the substance of the contract.

A lease liability is recognized and measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is measured by increasing or reducing the carrying amount to reflect interest on the lease liability and the lease payments made and remeasuring the carrying amount as necessary to reflect lease modifications. The lease term is determined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if it is reasonably certain to be exercised, and periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

A right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses by applying the cost model. The cost of a right-of-use asset includes the amount of the initial measurement of the lease liability at the commencement date, any lease payments made at or before the commencement date, and restoration costs required by the lease contract. A right-of-use asset is depreciated using the straight-line method over the lease term. The lease term is reassessed upon the occurrence of a significant event or a significant change in circumstances that affects whether the lessee is reasonably certain to exercise the extension or termination option. When the lease term is modified, the lease liability will be remeasured and, in principle, the amount of right-of-use assets will be adjusted.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets.

In transitioning to IFRS 16, the Company has chosen the practical expedient in paragraph C3 of IFRS 16 when determining whether a contract is, or contains, a lease. Therefore, the previous assessment under IAS 17 "Leases" ("IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease" has been carried forward for contracts entered into prior to the date of initial application of IFRS 16.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the consolidated statements of financial position at the date of initial application is 1.0%.

The reconciliation of operating lease contracts disclosed applying IAS 17 at the end of the year ended March 31, 2019 and lease liabilities recognized in the consolidated statements of financial position at the date of initial application is as follows:

(In millions of yen)

Operating lease contracts disclosed at March 31, 2019	124,127
Amount discounted using the incremental borrowing rate at the date of initial application	121,310
Payments in optional extension periods not recognized as of March 31, 2019	143,133
Lease contracts before the commencement date of the lease (Note)	(20,951)
Lease liabilities at April 1, 2019	243,492

Note: Lease contracts entered into but not yet commenced as of March 31, 2019

Right-of-use assets recognized in the consolidated statements of financial position at the date of initial application are 234,482 million yen.

In applying IFRS 16, the Company has used the following practical expedients:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application as an alternative to performing an impairment review.
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

2. Business Combinations

For the year ended March 31, 2019

Acquisition of stock of Glassdoor, Inc.

(1) Name of the acquiree and description of its business

Name of the acquiree: Glassdoor, Inc. (“Glassdoor”)

Description of business: Operates online job site and database of company reviews, salary information and other workplace insights globally

(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 (which has increased the transparency of employers through a huge database of corporate reviews) and Indeed (which is an online job search engine and recruiting platform) explore ways to collaborate to meet challenges faced by both job seekers and employers. This acquisition enhances the Company’s position as a leader in job search, job seeker and employer matching, and in utilizing direct job seeker input to improve the overall job search experience for job seekers.

(5) Method of obtaining control of the acquiree

Stock acquisition in exchange for cash as consideration

(6) Principal component of goodwill recognized

Goodwill represents excess earning power expected from future business development and synergy effect with the existing HR Technology business.

(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 represents the conversion of 1,295 million US dollars, the amount paid including final price adjustments, at the spot exchange rate as of the acquisition date.

(8) Fair values of assets acquired and liabilities assumed, and goodwill as of the acquisition date

(In millions of yen)

Item	Amount
Current assets[1]	20,705
Non-current assets[2]	32,101
Total assets	52,807
Current liabilities[3]	8,575
Non-current liabilities	1,014
Total liabilities	9,590
Total equity	43,217
Goodwill[4]	99,828
Total	143,045

The allocation of the consideration was completed during the year ended March 31, 2020. The consolidated financial statements for the year ended March 31, 2019 have not been retrospectively adjusted, since changes in the fair value of assets and liabilities and goodwill are immaterial.

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

2 Intangible assets are included. The breakdown of intangible assets 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 5,980 million yen is included.

(9) Acquisition-related expenses

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

For the year ended March 31, 2020

No significant business combinations occurred during the year ended March 31, 2020.

3. Operating Segments

(1) Overview of Reportable Segments

The Company's operating segments are those components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance.

The Company has three operating segments by type of business, namely, (1) HR Technology, (2) Media & Solutions, and (3) Staffing t, which are also the reportable segments.

HR Technology consists of the operations of Indeed, Glassdoor and the other related businesses.

Media & Solutions consists of two business operations, namely, Marketing Solutions and HR Solutions.

Staffing consists of two business operations, which are Japan operations and Overseas operations.

(2) Information on Reportable Segments

Segment profit (loss) was previously defined as EBITDA (operating income + depreciation and amortization ± other operating income/expenses). However, in order to ensure comparability with prior management key performance indicators, the definition has been changed to adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses), starting from the year ended March 31, 2020.

Eliminations and Adjustments related to segment profit (loss) include corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in similar transactions with third parties. Segment assets are not stated as they are not reported to management.

For the Year Ended March 31, 2019

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	320,771	714,957	1,275,027	2,310,756	-	2,310,756
Intersegment revenue or transfers	6,156	6,501	15,260	27,918	(27,918)	-
Total	326,928	721,458	1,290,288	2,338,675	(27,918)	2,310,756
Segment profit (loss)	47,449	172,431	82,952	302,832	(9,589)	293,243
Depreciation and amortization						71,122
Other operating income						9,112
Other operating expenses						8,143
Operating income						223,090
Share of profit (loss) of associates and joint ventures						7,894
Gain (loss) on change in ownership interests in associates						988
Finance income						8,215
Finance costs						374
Profit before tax						239,814

For the Year Ended March 31, 2020

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	417,737	749,364	1,232,363	2,399,465	-	2,399,465
Intersegment revenue or transfers	7,181	6,564	15,824	29,571	(29,571)	-
Total	424,919	755,928	1,248,188	2,429,036	(29,571)	2,399,465
Segment profit (loss)	71,263	182,910	81,288	335,462	(10,303)	325,159
Depreciation and amortization (Note)						77,324
Other operating income						5,766
Other operating expenses						47,589
Operating income						206,011
Share of profit (loss) of associates and joint ventures						3,617
Gain (loss) on change in ownership interests in associates						12,326
Finance income						7,503
Finance costs						3,309
Profit before tax						226,149

Note: Depreciation and amortization exclude depreciation of right-of-use assets.

(3) Information on Products and Services

This information is omitted since the classification of products and services is the same as that of the reportable segments.

(4) Information on Regions

1) Revenue from third party customers

(In millions of yen)

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2020
Japan	1,258,423	1,326,496
The United States	437,530	491,837
Others	614,802	581,131
Total	2,310,756	2,399,465

Revenue is classified based on the locations where the third party customer resides.

2) Non-current assets (excluding financial assets and deferred tax assets)

(In millions of yen)

	As of March 31, 2019	As of March 31, 2020
Japan	175,026	338,676
The United States	282,214	339,316
The Netherlands	180,969	200,641
Others	96,297	77,100
Total	734,507	955,736

(5) Information on Major Customers

There are no third party customers who account for 10% or more of revenue in the consolidated statements of profit or loss for the years ended March 31, 2019 and 2020.

4. Per Share Information

(1) The amount of basic earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise stated)

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2020
Basic earnings per share (yen)	104.31	108.27
Basis for calculation:		
Profit (loss) attributable to owners of the parent	174,280	179,880
Amount not attributable to common shareholders of the parent	-	-
Profit (loss) used in the calculation of basic earnings per share	174,280	179,880
Weighted average number of shares of common stock outstanding (thousand shares)	1,670,820	1,661,362

(2) The amount of diluted earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise stated)

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2020
Diluted earnings per share (yen)	104.11	108.07
Basis for calculation:		
Profit (loss) used in the calculation of diluted earnings per share		
Profit (loss) used in the calculation of basic earnings per share	174,280	179,880
Adjustment on profit (loss)	-	-
Profit (loss) used in the calculation of diluted earnings per share	174,280	179,880
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share		
Weighted average number of shares of common stock outstanding used in the calculation of basic earnings per share (thousand shares)	1,670,820	1,661,362
Effect of dilutive potential common stock (thousand shares)	3,176	3,160
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share (thousand shares)	1,673,997	1,664,522

5. Subsequent Events

Commitment line contracts

In accordance with the resolution at the Board of Directors meeting held on April 7, 2020, the Holding Company entered into the following commitment line contracts as of April 30, 2020:

(1) Use

Working capital

(2) Lenders

Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.

(3) Line of credit

399,999 million yen

(4) Date of the contracts

April 30, 2020

(5) Term of the contracts

From April 30, 2020 to April 30, 2021

(6) Borrowing rate

Base rate + spread

(7) Collateral

None