

May 14, 2019

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Year Ended March 31, 2019 (IFRS, Unaudited)

Tokyo, May 14, 2019 — Recruit Holdings Co., Ltd. ("Recruit Holdings" or the "Company") announced today its consolidated financial results for the year ended March 31, 2019.

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

The Company's fiscal year is from April 1 to March 31, therefore FY2018 refers to the period from April 1, 2018 to March 31, 2019 and FY2017 refers to the period from April 1, 2017 to March 31, 2018. Q1 refers to 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 to the nearest million yen)

Consolidated Operating Results

(in millions of yen, unless otherwise stated)	FY2017	FY2018	% change
Revenue	2,173,385	2,310,756	6.3%
EBITDA ¹	258,413	293,243	13.5%
Operating income	191,794	223,090	16.3%
% to revenue	8.8%	9.7%	-
Profit before tax	199,228	239,814	20.4%
Return on assets (%)	13.1%	14.4%	-
Profit attributable to owners of the parent	151,667	174,280	14.9%
% to equity attributable to owners of the parent	19.3%	19.3%	-
Profit available for dividends ²	131,820	162,346	23.2%
Total comprehensive income	154,906	173,456	12.0%
Earnings per share – Basic (yen)	90.79	104.31	-
Earnings per share – Diluted (yen)	90.60	104.11	-
Earnings per share – Adjusted ³ (yen)	86.74	107.10	23.5%

Reference: Share of profit of associates and joint ventures was 2,918 million yen in FY2017 and 7,894 million yen in FY2018.

Consolidated Balance Sheet Data

(in millions of yen, unless otherwise stated)	As of March 31, 2018	As of March 31, 2019
Total assets	1,574,032	1,748,982
Total equity	840,660	972,251
Equity attributable to owners of the parent	835,605	965,775
Ratio of equity attributable to owners of the parent (%)	53.1%	55.2%
Equity attributable to owners of the parent per share (yen)	500.20	578.04

Consolidated Cash Flow Data

(in millions of yen)	FY2017	FY2018
Net cash flows from operating activities	194,117	276,960
Net cash flows from investing activities	(65,937)	(204,619)
Net cash flows from financing activities	(83,169)	(68,521)
Cash and cash equivalents at the end of the year	389,822	402,911

Dividends

	FY2017	FY2018	FY2019 (Forecast)
At the end of Q1 (yen)	-	-	-
At the end of Q2 (yen)	11.00	13.50	15.00
At the end of Q3 (yen)	-	-	-
At the end of Q4 (yen)	12.00	14.50	15.00
Total	23.00	28.00	30.00
Total amount of dividend payment (in millions of yen)	38,449	46,820	-
Payout ratio-consolidated (%) [*]	25.3%	26.8%	-
Ratio of dividends to equity attributable to owners of the parent (%)	4.9%	5.2%	-

^{*} Calculated based on profit attributable to owners of the parent. Payout ratio (consolidated) based on profit available for dividends was 28.8% in FY2018.

Consolidated Financial Guidance for FY2019

The Company is changing its prior guidance practices for FY2019 to reflect its rapidly changing technology business environment. The Company will no longer provide specific full year consolidated forecasts for revenue, EBITDA, operating income, profit attributable to owners of the parent, adjusted profit and adjusted EPS.

For FY2019, the Company expects:

- Revenue and adjusted EBITDA* for all three segments to increase
- Adjusted EBITDA* to be in the range of 310 billion yen to 330 billion yen
- Adjusted EPS to grow high single digits

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

Please refer to P15, 1. Management Discussion and Analysis, Consolidated Financial Guidance for FY2019 for more detail.

Changes in Significant Subsidiaries for the Reporting Period

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

Advantage Resourcing America, Inc. and Atterro, Inc. were merged to Staffmark Investment, LLC in Q4 FY2018.

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, 2018	As of March 31, 2019
Number of shares issued including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	25,412,567	25,176,070
	FY2017	FY2018
Average number of shares during the period	1,670,462,366	1,670,820,603

Definition of the Management KPIs

Below definitions apply throughout this documentation.

1. EBITDA = operating income + depreciation and amortization ± other operating income/expenses
2. Profit available for dividends = profit attributable to owners of the parent ± non-recurring income/losses, etc.
3. Earnings per share (adjusted or adjusted EPS) = adjusted profit⁴ / (number of shares issued at the end of the period - number of treasury stock at the end of the period)
4. Adjusted profit = profit attributable to owners of the parent ± adjustment items⁵ (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
5. Adjustment items = amortization of intangible assets by acquisitions ± non-recurring income/losses

Reference: Outline of Non-consolidated Financial Results

Non-consolidated Operating Results

(in millions of yen, unless otherwise stated)	FY2017	FY2018	% change
Revenue	576,243	62,748	-89.1%
Operating profit	85,309	53,121	-37.7%
Recurring profit	429,431	55,413	-87.1%
Net income	444,077	34,247	-92.3%
Earnings per share – Basic (yen)	265.84	20.50	-
Earnings per share – Diluted (yen)	265.28	20.46	-

Non-consolidated Balance Sheet Data

(in millions of yen, unless otherwise stated)	As of March 31, 2018	As of March 31, 2019
Total assets	1,493,380	1,424,884
Net asset	946,487	932,667
Equity ratio (%)	63.3%	65.4%
Net asset per share	565.50	557.35

Reference: Equity was 944,697 million yen as of March 31, 2018 and 931,218 million yen as of March 31, 2019.

Notes: 1. The Group reorganized its organizational structure to a holding company system effective on April 1, 2018, resulting in a significant variance in non-consolidated operating results for FY2018 compared to FY2017. Revenue for FY2018 mainly consists of dividends from subsidiaries whereas revenue for FY2017 included a portion of revenue from enterprise clients.

2. The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, issued February 16, 2018) from the beginning of FY2018. The standard has been retrospectively applied to the above total assets and equity ratio for FY2017.

Forward-Looking Statements

The consolidated financial guidance mentioned in this document contains forward-looking statements which incorporate the Company's assumptions and outlook for the future and estimates based on the Company's plans as of today. These forward-looking statements are based on information available to and certain assumptions by the Company as of today, and there can be no assurance that the relevant forecasts will be achieved. Please note that significant differences between the forecasts and actual results may arise from various factors in the future, including due to changes in economic conditions, changes in clients' needs and users' preferences, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other reasons. For the consolidated financial guidance, please refer to P15 "1. Management's Discussion and Analysis, Consolidated Financial Guidance for FY2019."

Three-for-One Stock Split

The Company implemented a three-for-one stock split of its common stock effective on July 1, 2017. The number of shares issued (common stock) was calculated assuming that the stock split was implemented at the beginning of the previous fiscal year. Per share information is also calculated based on the same assumption.

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

Link for Presentation, Slides and Video of FY2018 Earnings Results

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

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1. Management's Discussion and Analysis

Consolidated Results of Operations for FY2018

Results of Operations

(In billions of yen)	Three Months Ended March 31,		Variance	% change	Twelve Months Ended March 31,		Variance	% change
	2018	2019			2018	2019		
Revenue ¹	556.4	580.3	23.8	4.3	2,173.3	2,310.7	137.3	6.3
HR Technology	61.9	90.0	28.1	45.4	218.5	326.9	108.3	49.6
Media & Solutions	181.2	193.7	12.4	6.9	679.9	721.4	41.4	6.1
Staffing	319.9	304.1	(15.7)	-4.9	1,298.8	1,290.2	(8.5)	-0.7
Operating income	25.1	30.9	5.7	23.1	191.7	223.0	31.2	16.3
Profit before tax	27.3	38.2	10.8	39.8	199.2	239.8	40.5	20.4
Profit for the year (period)	23.1	28.4	5.2	22.7	152.3	175.3	23.0	15.1
Profit attributable to owners of the parent	23.0	28.2	5.1	22.4	151.6	174.2	22.6	14.9

Management Key Performance Indicators

(In billions of yen, unless otherwise stated)

EBITDA ¹	42.7	53.1	10.3	24.2	258.4	293.2	34.8	13.5
HR Technology	7.3	10.5	3.2	44.1	30.6	47.4	16.8	55.0
Media & Solutions ²	27.8	32.2	4.4	16.2	156.1	172.4	16.2	10.4
Staffing ²	9.8	13.6	3.8	39.2	72.7	82.9	10.2	14.1
Earnings per share – Adjusted (yen)	13.26	16.67	3.41	25.7	86.74	107.10	20.36	23.5

Average exchange rate during the period (yen)

US dollar	-	-	-	-	110.85	110.92	0.07	0.1
Euro	-	-	-	-	129.66	128.44	(1.22)	-0.9
Australian dollar	-	-	-	-	85.77	80.96	(4.81)	-5.6

Exchange rate effects on revenue^{3,4,5}

(In billions of yen)

Consolidated	4.9	(6.7)	-	-	56.5	(12.4)	-	-
Staffing segment: Overseas	4.9	(7.8)	-	-	47.6	(12.7)	-	-

¹ The sum of the three segments does not correspond with consolidated revenue and EBITDA due to Eliminations and Adjustments, such as intra-group transactions.

² The treatment of cost allocations in intra-group transactions was changed at the beginning of Q1 FY2018, resulting in a positive impact to segment EBITDA for FY2018.

³ The amount is calculated by: (revenue for the current period in foreign currency) x (foreign exchange rate applied for the reporting period - the rate applied for the same period of the previous year)

⁴ Monthly average exchange rates are applied to the HR Technology segment.

⁵ The amount for Q4 is calculated by deducting the amount for the nine-month period from that for the full-year period.

Overview

Recruit Holdings' consolidated revenue for FY2018 was 2.31 trillion yen, an increase of 6.3% from the previous fiscal year. This was due to growth, primarily in the HR Technology and Media & Solutions segments. The exchange rate movements negatively impacted consolidated revenue for FY2018 by 12.4 billion yen. Consolidated revenue for Q4 FY2018 was 580.3 billion yen, an increase of 4.3% year on year. The exchange rate movements negatively impacted consolidated revenue for Q4 FY2018 by 6.7 billion yen.

Consolidated operating income for FY2018 was 223.0 billion yen, an increase of 16.3% year on year. All three segments, HR Technology, Media & Solutions, and Staffing, contributed positively to the increase in operating income. Consolidated operating income for Q4 FY2018 was 30.9 billion yen, an increase of 23.1% year on year.

Profit before tax for FY2018 was 239.8 billion yen, an increase of 20.4% year on year, primarily due to the increase in operating income and share of profit of associates and joint ventures. Profit before tax for Q4 FY2018 was 38.2 billion yen, an increase of 39.8% year on year primarily due to the increase in operating income, share of profit of associates and joint ventures, and finance income.

Profit for the year in FY2018 was 175.3 billion yen, an increase of 15.1% year on year, and profit attributable to owners of the parent in FY2018 was 174.2 billion yen, an increase of 14.9% year on year. Profit for the period for Q4 FY2018 was 28.4 billion yen, an increase of 22.7% year on year and profit attributable to owners of the parent for Q4 FY2018 was 28.2 billion yen, an increase of 22.4% year on year.

Management Key Performance Indicators

Consolidated EBITDA for FY2018 was 293.2 billion yen, an increase of 13.5% year on year, mainly resulting from EBITDA growth in all three segments: HR Technology, Media & Solutions, and Staffing. Consolidated EBITDA for Q4 FY2018 was 53.1 billion yen, an increase of 24.2% year on year.

Adjusted EPS for FY2018 was 107.10 yen, an increase of 23.5% year on year, and adjusted EPS for Q4 FY2018 was 16.67 yen, an increase of 25.7% year on year. Profit available for dividends for FY2018 was 162.3 billion yen, an increase of 23.2% year on year and that for Q4 FY2018 was 24.0 billion yen, an increase of 29.3% year on year. To display the Company's underlying earnings capability from operations more accurately, all profits and losses associated with the convertible bond issued by 51job, Inc., an equity-method affiliate of the Company, were included in the adjustment items as non-recurring income or losses from the beginning of FY2018, whereas only certain profits and losses were included in the previous fiscal year. This change was made because such profits and losses are originated from the same convertible bond from the same issuer, and the impact from the losses which had not been included in the adjustment items is expected to increase. Assuming this change was applied in FY2017, adjusted EPS for FY2018 and Q4 FY2018 increased by 20.9% and 25.4% year on year, respectively.

Management Measures for FY2018**Result of Target Management Key Performance Indicators from FY2016 to FY2018**

The Group previously set a management target of high single digit adjusted EPS compound annual growth rate (CAGR) for three years from April 1, 2016 to the year ended March 31, 2019. As of March 31, 2019, CAGR for adjusted EPS over the previous three years was 15.5%. Please refer to P19 "3. Management Policy, Target Management Key Performance Indicators (KPIs)" for the target management KPI for the year ending March 31, 2020.

Results of Operations by Segment

HR Technology

This reportable segment consists of the operations of *Indeed*, an online job search engine, the operations of *Glassdoor*, an online job and company information site, and their related businesses.

Revenue for FY2018 was 326.9 billion yen, an increase of 49.6% year on year. Revenue for Q4 FY2018 was 90.0 billion yen, an increase of 45.4% year on year. Revenue growth continued to be supported by a favorable economic environment and tight labor market resulting in increased sponsored job advertising revenue from new and existing clients at Indeed. Revenue from Glassdoor, which was acquired during Q1 FY2018, also contributed to revenue growth. On a US dollar basis, reported revenue growth was 49.0%¹ for FY2018 and 42.6%¹ for Q4 FY2018. The Group adopted IFRS 15 in the beginning of FY2018, and changed its accounting policy. Assuming the same accounting policy change was applied to revenue in FY2017 on a pro forma basis, revenue growth in US dollar terms was 54.0%¹ for FY2018 and 46.3%¹ for Q4 FY2018.

Segment EBITDA for FY2018 was 47.4 billion yen, an increase of 55.0% year on year. Segment EBITDA for Q4 FY2018 was 10.5 billion yen, an increase of 44.1% year on year. To support future revenue growth, the HR Technology segment continued to invest in sales and marketing activities to acquire new users and clients, and in product enhancements to increase user and client engagement. The timing of these investments fluctuates throughout the year.

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

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		Variance	% change	Twelve Months Ended March 31,		Variance	% change
	2018	2019			2018	2019		
Segment revenue	61.9	90.0	28.1	45.4%	218.5	326.9	108.3	49.6%
Segment EBITDA	7.3	10.5	3.2	44.1%	30.6	47.4	16.8	55.0%
Revenue in millions of US dollars ¹	572	816	243	42.6%	1,976	2,944	968	49.0%

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.

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

(In millions of US dollars)	FY2017				FY2018				FY2017	FY2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Revenue in millions of US dollars ¹ (accounting policy change applied)	402	460	490	557	634	739	754	816	1,911	2,944
Variance	-	-	-	-	231	278	263	258	-	1,033
% change	-	-	-	-	57.6%	60.6%	53.7%	46.3%	-	54.0%

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.

Indeed:

Indeed strives to continuously enhance the job seeker experience by investing aggressively in its platform. Indeed attracts approximately 250 million monthly unique visitors,¹ and job seeker traffic continued to grow year on year during the quarter. Indeed's client base also continued to expand, as the number of employers and recruitment firms using Indeed to hire and source candidates grew year on year. As of March 31, 2019, Indeed had approximately 8,900 employees located in 29 cities and 14 countries.

Glassdoor:

Glassdoor is committed to delivering on its mission to help people find a job and company they love. Glassdoor's user-generated company reviews, salaries and insights help increase workplace transparency for millions of job seekers. In turn, for employers this creates informed, high quality candidates who are more likely to stay at a company longer. Glassdoor attracts approximately 67 million monthly unique visitors,¹ and traffic grew double digits year on year during the quarter. Revenue growth was primarily driven by growth in its employer branding and job advertising solutions, as Glassdoor's client base continued to expand. Glassdoor had approximately 900 employees as of March 31, 2019.

¹ Source: Internal data based on Google Analytics service, January 2019

Media & Solutions

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

Revenue for FY2018 was 721.4 billion yen, an increase of 6.1% year on year. This was primarily driven by increased revenue in the Housing and Real Estate and the Beauty subsegments in Marketing Solutions and increased revenue in the Recruiting in Japan subsegment in HR Solutions. Revenue for Q4 FY2018 was 193.7 billion yen, an increase of 6.9% year on year.

Segment EBITDA for FY2018 was 172.4 billion yen, an increase of 10.4% year on year. Both HR Solutions and particularly Marketing Solutions recorded higher EBITDA. Segment EBITDA for Q4 FY2018 was 32.2 billion yen, an increase of 16.2% year on year. Due to the new management structure effective on April 1, 2018, the treatment of cost allocations in intra-group transactions (such as management service fees and general administrative fees) was changed at the beginning of Q1 FY2018, resulting in a positive impact to segment EBITDA for FY2018. Excluding this impact, segment EBITDA for FY2018 and for Q4 FY2018 increased by 6.3%¹ and 10.1%¹, respectively. In Marketing Solutions, segment EBITDA for FY2018 and for Q4 FY2018 increased by 11.3%¹ and 15.1%¹ respectively, and those for HR Solutions increased by 4.2%¹ and 6.6%¹ respectively.

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

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

(In billions of yen)	Three Months Ended March 31,		Variance	% change	Twelve Months Ended March 31,		Variance	% change
	2018	2019			2018	2019		
Segment revenue	181.2	193.7	12.4	6.9	679.9	721.4	41.4	6.1
Marketing Solutions	96.4	105.2	8.7	9.0	378.5	400.4	21.9	5.8
Housing and Real Estate	24.7	28.1	3.3	13.5	98.1	104.1	6.0	6.1
Bridal	13.1	13.0	(0.1)	-1.2	55.4	54.9	(0.5)	-0.9
Travel	14.2	14.9	0.7	5.1	58.8	61.6	2.7	4.7
Dining	9.7	10.0	0.3	3.4	37.3	38.8	1.4	4.0
Beauty	16.8	18.7	1.8	11.1	63.8	72.0	8.2	12.9
Others	17.8	20.3	2.5	14.5	64.8	68.7	3.9	6.0
HR Solutions	83.0	86.6	3.6	4.3	294.4	316.8	22.4	7.6
Recruiting in Japan	76.8	78.2	1.3	1.8	270.6	283.9	13.3	4.9
Others	6.1	8.3	2.2	36.7	23.7	32.8	9.0	38.3
Eliminations and Adjustments (Media & Solutions)	1.7	1.9	0.1	9.8	7.0	4.1	(2.8)	-41.2
Segment EBITDA	27.8	32.2	4.4	16.2	156.1	172.4	16.2	10.4
Marketing Solutions	15.5	18.8	3.3	21.4	95.2	109.8	14.5	15.3
HR Solutions	16.4	17.9	1.4	9.1	74.5	79.2	4.7	6.3
Eliminations and Adjustments (Media & Solutions)	(4.1)	(4.5)	(0.3)	-	(13.6)	(16.6)	(2.9)	-

Business Key Performance Indicators	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Hot Pepper Gourmet</i> Number of seats reserved online (cumulative total from the beginning of each fiscal year) (Dining) ^{1,2}	14.48	28.28	52.75	71.21	19.05	37.18	65.77	88.50
<i>Hot Pepper Beauty</i> Number of online reservations (cumulative total from the beginning of each fiscal year) (Beauty) ^{1,2}	18.24	37.95	57.58	78.23	22.72	47.19	71.63	96.99
AirREGI registered accounts ³	292	305	318	333	349	364	381	402
Paid Study Sapuri users (Others, Marketing Solutions) ^{3,4}	404	444	454	476	559	586	598	614

Market data								
Number of new housing construction starts in Japan (Housing and Real Estate) ⁵	249,916	246,924	244,511	205,045	245,040	246,378	245,907	215,611
Job-offers-to-applicants ratio ^{6,7} (Recruiting in Japan)	1.49	1.52	1.57	1.59	1.60	1.63	1.63	1.63

¹ Pre-cancellation reservation basis.

² Figures are shown in millions.

³ Figures are shown in thousands.

⁴ Figures in FY2018 indicate the total number of users for high school, junior high school, elementary school and English courses, whereas previously disclosed figures in FY2017 only included users of high school courses. Therefore, the numbers for FY2017 are changed retrospectively.

⁵ Source: Statistical Survey of Construction Starts, Ministry of Land, Infrastructure, Transport and Tourism of Japan

⁶ Source: Ministry of Health, Labour and Welfare of Japan

⁷ Figures are the average of each month in each quarter.

Marketing Solutions

Housing and Real Estate

Housing and Real Estate revenue consists primarily of advertising revenue generated on *SUUMO*, an online platform and print media for housing and real estate. The subsegment focused on improving the user experience on its online platform, attracting more users to the platform by various marketing efforts, and strengthening client relationships by providing operational and management solutions.

Revenue for FY2018 increased by 6.1% year on year to 104.1 billion yen, and revenue for Q4 FY2018 increased by 13.5% year on year to 28.1 billion yen. Excluding the non-recurring impact from the sale of a subsidiary in Q3 FY2017, revenue for FY2018 increased by 9.9%¹ year on year.

Bridal

Bridal revenue consists primarily of advertising revenue generated on *Zexy*, a magazine and online platform which is an all-in-one source of information on wedding planning. Although the number of marriages has been declining in Japan mainly due to the declining population, the subsegment responded proactively to the needs of wedding venue operators to attract marrying couples by launching various marketing promotions. Revenue for FY2018 decreased by 0.9% year on year to 54.9 billion yen, and revenue for Q4 FY2018 decreased by 1.2% year on year to 13.0 billion yen.

Travel

Travel revenue consists primarily of advertising revenue and booking fees from *Jalan*, an online platform and print media for travel in Japan. In FY2018, both the number of hotel guests booked and the price per night of hotels booked through its online reservation platform increased, and the subsegment focused on providing operational and management solutions to clients. Revenue for FY2018 increased by 4.7% year on year to 61.6 billion yen and revenue for Q4 FY2018 increased by 5.1% year on year to 14.9 billion yen.

Dining

Dining revenue consists primarily of advertising revenue generated on *Hot Pepper Gourmet*, an online restaurant reservation platform and print media under the same name. Advertising revenue on *Hot Pepper Gourmet* increased, reflecting a continued recovery of the dining and restaurant industry. However, dining and restaurant operators continue to face a challenging environment mainly due to the workforce shortage in Japan. In this environment, the subsegment continued to focus on strengthening the relationship with clients by offering *Air Series*, operational and management support services, and *Restaurant BOARD*, a reservation and customer management system. Revenue for FY2018 increased by 4.0% year on year to 38.8 billion yen, and revenue for Q4 FY2018 increased by 3.4% year on year to 10.0 billion yen.

Beauty

Beauty revenue consists primarily of advertising revenue generated on *Hot Pepper Beauty*, an online beauty salon reservation platform and print media under the same name. With a continued effort to extend its reach to non-urban areas and the outskirts of metropolitan areas, the number of beauty salon clients advertising on *Hot Pepper Beauty* increased year on year, leading to growth in the number of online beauty salon reservations made through *Hot Pepper Beauty*. Also, the subsegment continued to focus on strengthening the relationship with the beauty salon clients by offering *Air Series*, operational and management support services, and *SALON BOARD*, a reservation and customer management system. Revenue for FY2018 increased by 12.9% year on year to 72.0 billion yen and revenue for Q4 FY2018 increased by 11.1% year on year to 18.7 billion yen.

Others

The Others subsegment includes Automobile, Education such as *Study Sapuri*, Overseas Marketing, and *Air Series* businesses. Revenue for FY2018 increased by 6.0% year on year to 68.7 billion yen, and revenue for Q4 FY2018 increased by 14.5% to 20.3 billion yen. Excluding the non-recurring impacts of the sale of subsidiaries in Q3 FY2017 and Q1 FY2018, revenue for FY2018 and revenue for Q4 FY2018 increased by 11.9%¹ and 15.7%¹ year on year, respectively.

HR Solutions

Recruiting in Japan

Revenue in the Recruiting in Japan subsegment consists primarily of advertising revenue generated on various online job and recruiting sites such as *Rikunabi*, *Rikunabi NEXT* and *TOWNWORK*, as well as fees generated by employment placement services such as *RECRUIT AGENT*. The Japanese labor market remained extremely tight, and in this environment, the subsegment focused on enhancing its brand value, strengthening user attractiveness, and reinforcing its sales structure. Revenue for FY2018 increased by 4.9% year on year to 283.9 billion yen, and revenue for Q4 FY2018 increased by 1.8% year on year to 78.2 billion yen. Excluding the non-recurring impact from the sale of a subsidiary in Q2 FY2018, revenue for FY2018 and revenue for Q4 FY2018 increased by 6.2%¹ and 3.7%¹ year on year, respectively.

Others

The Others subsegment includes the HR development business in Japan and placement service in Asia. As of Q1 FY2018, the recruiting assessment business, which was previously managed in the Recruiting in Japan subsegment, was transferred to this subsegment. As a result, revenue for FY2018 increased by 38.3% year on year to 32.8 billion yen, and revenue for Q4 FY2018 increased by 36.7% year on year to 8.3 billion yen.

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

Staffing

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

Revenue for FY2018 was 1.29 trillion yen, a decrease of 0.7% year on year. Revenue in Japan operations increased reflecting a tight labor market, while revenue in Overseas operations decreased primarily due to an uncertain outlook for the European economy, the negative impact of foreign exchange rate movements, and the adoption of IFRS 15¹. Revenue for Q4 FY2018 was 304.1 billion yen, a decrease of 4.9% year on year.

Segment EBITDA for FY2018 was 82.9 billion yen, an increase of 14.1% year on year. EBITDA for Japan operations increased mainly due to higher revenue, while EBITDA for Overseas operations also increased as a result of improvement in operational productivity. In addition, in Japan operations, placement fee revenue increased year on year as a result of Japanese law revisions effective October 1, 2018 which encouraged enterprise clients to hire agency workers directly and contributed to higher profit. Segment EBITDA for Q4 FY2018 was 13.6 billion yen, an increase of 39.2% year on year. The growth rate for Q4 FY2018 was higher than that for FY2018 mainly due to increased investments in advertising to grow the number of registered agency workers in Japan in Q4 FY2017. In addition, segment EBITDA in Japan operations was positively impacted by the aforementioned change in the treatment of cost allocations in intra-group transactions. Excluding this impact, segment EBITDA for FY2018 increased by 10.4%² year on year and segment EBITDA for Q4 FY2018 increased by 31.2%², and for Japan operations, segment EBITDA for FY2018 increased by 18.9%² year on year and segment EBITDA for Q4 FY2018 increased by 101.2%².

¹ Revenue reporting changed from gross amount (the amount of revenue including commissions paid to agencies) basis to net amount (the amount of revenue excluding commissions) basis for some clients.

² For comparison purposes, calculated based on internal managerial reporting numbers.

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

(In billions of yen)	Three Months Ended March 31,		Variance	% change	Twelve Months Ended March 31,		Variance	% change
	2018	2019			2018	2019		
Segment revenue	319.9	304.1	(15.7)	-4.9	1,298.8	1,290.2	(8.5)	-0.7
Japan	128.9	133.4	4.5	3.5	509.2	542.5	33.2	6.5
Overseas	190.9	170.7	(20.2)	-10.6	789.5	747.7	(41.8)	-5.3
Segment EBITDA	9.8	13.6	3.8	39.2	72.7	82.9	10.2	14.1
Japan	2.7	6.6	3.9	145.7	33.8	43.0	9.2	27.3
Overseas	7.1	7.0	(0.0)	-1.4	38.9	39.8	0.9	2.5

Market Data	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average number of active agency workers in Japan ¹	343,260	343,857	350,734	348,865	354,177	353,062	366,135	-

¹ Source: Japan Staffing Services Association

The figure for this reporting period has not been disclosed at the time of release of this document.

Japan

Demand for agency workers continued to be strong, and the number of active agency workers remained at a high level. In this environment, Japan operations focused on increasing the number of registered agency workers and new staffing contracts. Revenue for FY2018 increased by 6.5% year on year to 542.5 billion yen and revenue for Q4 FY2018 increased by 3.5% year on year to 133.4 billion yen.

Overseas

Revenue for FY2018 decreased by 5.3% year on year to 747.7 billion yen. The negative impacts of foreign exchange rate movements and the adoption of IFRS 15 were 12.7 billion yen and 16.3 billion yen, respectively. Excluding these impacts, revenue for FY2018 decreased by 1.6% year on year. The segment continued to focus on profitability improvement by implementing the Unit Management System¹, and simplifying the operational governance model in Europe. Revenue for Q4 FY2018 decreased by 10.6% year on year to 170.7 billion yen. The negative impacts of foreign exchange rate movements and the adoption of IFRS 15 were 7.8 billion yen and 4.5 billion yen, respectively. Excluding these impacts, revenue for Q4 FY2018 decreased by 4.2% year on year.

¹ The Unit Management System divides an organization into smaller units based on differences in the markets they serve. Each unit is regarded essentially as its own company, and the Unit Manager is given authority to make decisions to maximize profitability.

Capital Resources and Liquidity

Financial Principle

The Group's financial principle is to maintain a strong consolidated balance sheet which results in appropriate credit ratings by Japanese domestic rating agencies while utilizing capital mainly raised through efficient borrowings. For capital efficiency, the Group implements strict criteria for investment, and sets its ROE target at approximately 15%. The Company's dividend policy is to provide a stable and sustainable return to shareholders based on a comprehensive evaluation of the results of operations, the internal reserves that the Company may require for investment for its future growth, and the ability to establish a stable financial foundation. In addition, the Company sets a consolidated payout ratio target of approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses. The Company may consider implementing a share repurchase program, depending on the capital market environment and the outlook of its financial position.

Use of Capital

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

Fund Raising

The Group's primary source of liquidity for working capital and investments is cash flow from operations. However, the Group may consider and execute external financing when various conditions are deemed favorable, such as demands for capital, interest rate trends, repayment amount, redemption period of existing interest-bearing debt, size of funds to be raised, and financing structure. For short-term working capital, the Group primarily utilizes borrowings from financial institutions and/or commercial paper. For mid to long-term capital needs, the Group raises funds mainly by borrowings from financial institutions and/or the bond market. The Group has registered a maximum 200 billion yen worth of corporate bond issuance (unused amount as of March 31, 2019 is 200 billion yen) to maintain flexible capital raising capability.

The Group also has entered into overdraft agreements with four financial institutions to secure liquidity and raise operating funds efficiently. The maximum amount of borrowings in the overdraft commitment is 113 billion yen as of March 31, 2019, and the entire amount remains unused.

Interest-bearing Debt

The table below sets forth a breakdown of book values of bonds and borrowings by payment due period as of March 31, 2019. Each amount shows the required cash outflow by payment due period before discount 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	49,899	71	50,230	-
Borrowings	112,183	26,494	89,321	964
Total	162,082	26,565	139,551	964

Credit Ratings

The Group has long-term ratings of AA- from Rating and Investment Information, Inc. (R&I), A3 from Moody's Japan, and A- from S&P Global Rating Japan as of March 31, 2019.

Cash Management

Abiding by the relevant legal framework and economic rationality, the Group prioritizes internal lending and borrowing within the Group over external financing, primarily through a cash management system in order to maximize capital efficiency.

Fund Management

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

Analysis of Consolidated Balance Sheet

(In billions of yen)	As of March 31, 2018	As of March 31, 2019	Variance	% change
Assets				
Total current assets	770.9	809.0	38.0	4.9%
Total non-current assets	803.0	939.9	136.9	17.0%
Total assets	1,574.0	1,748.9	174.9	11.1%
Liabilities				
Total current liabilities	447.7	497.5	49.8	11.1%
Total non-current liabilities	285.6	279.1	(6.4)	-2.3%
Total liabilities	733.3	776.7	43.3	5.9%
Equity				
Total equity attributable to owners of the parent	835.6	965.7	130.1	15.6%
Non-controlling interests	5.0	6.4	1.4	28.1%
Total equity	840.6	972.2	131.5	15.7%

Assets

Total current assets as of March 31, 2019 increased by 38.0 billion yen, or 4.9%, from the end of the previous fiscal year. This was mainly due to an increase in trade and other receivables of 17.1 billion yen. Non-current assets increased by 136.9 billion yen, or 17.0%, from the end of the previous fiscal year. This was mainly because of an increase in goodwill of 97.7 billion yen, much of which resulted from the acquisition of a subsidiary.

Liabilities

Current liabilities as of March 31, 2019 increased by 49.8 billion yen, or 11.1%, from the end of the previous fiscal year. This was mainly due to an increase in other current liabilities of 29.2 billion yen. Non-current liabilities decreased by 6.4 billion yen, or 2.3%, from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 21.7 billion yen, while other non-current liabilities increased by 9.6 billion yen.

Equity

Total equity as of March 31, 2019 increased by 131.5 billion yen, or 15.7%, from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 131.1 billion yen, primarily resulting from an increase in profit attributable to owners of the parent.

Analysis of Consolidated Cash Flows

(In billions of yen)	FY2017	FY2018	Variance
Net cash flows from operating activities	194.1	276.9	82.8
Net cash flows from investing activities	(65.9)	(204.6)	(138.6)
Net cash flows from financing activities	(83.1)	(68.5)	14.6
Effect of exchange rate changes on cash and cash equivalents	(10.3)	9.2	19.6
Net increase (decrease) in cash and cash equivalents	34.6	13.0	(21.5)
Cash and cash equivalents at the beginning of the year	355.1	389.8	34.6
Cash and cash equivalents at the end of the year	389.8	402.9	13.0

Cash and cash equivalents as of March 31, 2019 was 402.9 billion yen, an increase of 13.0 billion yen from the end of the previous fiscal year, primarily resulting from an increase in cash inflows from operating activities exceeded cash outflows from investing and financing activities.

Cash Flows from Operating Activities

Cash provided by operating activities includes 239.8 billion yen of profit before tax, primary adjusted by favorable impact to cash of 71.1 billion yen in addition item of Depreciation and amortization, offset by subtraction item of 32.3 billion yen in income tax paid.

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

Cash used in financing activities primarily includes dividends paid of 42.6 billion yen.

Reference

	FY2017	FY2018
Ratio of equity attributable to owners of the parent (%)	53.1	55.2
Ratio of equity attributable to owners of the parent measured at fair value (%)	280.7	302.0
Debt to cash flow ratio (year)	1.0	0.6
Interest coverage ratio (times)	657.2	620.7

Definitions:

Ratio of equity attributable to owners of the parent (%): $\text{Equity attributable to owners of the parent} / \text{Total assets}$

Ratio of equity attributable to owners of the parent measured at fair value (%): $\text{Market capitalization of the Company} / \text{Total assets}$

Debt to cash flow ratio (year): $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio (times): $\text{Operating cash flow} / \text{Interest payment}$

Notes:

- All figures are calculated based on the consolidated financial results.
- Market capitalization is calculated based on the number of shares issued excluding shares of treasury stock.
- Cash flow refers to operating cash flow.
- Interest-bearing debt refers to all the liabilities on the consolidated statement of financial position that requires interest payments.

Consolidated Financial Guidance for FY2019

The Company is changing its prior guidance practices for FY2019 to reflect its rapidly changing technology business environment. The Company will no longer provide specific full year consolidated forecasts for revenue, EBITDA, operating Income, profit attributable to owners of the parent, adjusted profit and adjusted EPS.

For FY2019, the Company expects:

- Revenue and adjusted EBITDA* for all three segments to increase
- Adjusted EBITDA* to be in the range of 310 billion yen to 330 billion yen
- Adjusted EPS to grow high single digits

The HR Technology segment revenue on a US dollar basis is expected to grow approximately 35% plus or minus a few percent. Adjusted EBITDA margin for the segment is expected to be approximately the same level as FY2018 plus or minus a few percent mainly due to continued investment in sales and marketing activities to acquire new users and clients and in product enhancements to increase user and client engagement.

The Media & Solutions segment revenue is expected to continue stable growth. Revenue for Marketing Solutions is expected to grow mid single digits, and revenue for HR Solutions is expected to grow low single digits. Adjusted EBITDA margin for the segment is expected to remain at a level similar to that of FY2018.

The Staffing segment revenue is expected to grow low single digits, comprised of an increase in both Japan and Overseas operations, and adjusted EBITDA margin is expected to improve slightly from FY2018 by improving operational productivity.

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

The Group adopted IFRS 16 in Q1 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 also must 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 for its right-of-use assets and an 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.

Basic Policy on Profit Distribution and Dividends for FY2018 and FY2019

The Company believes that prioritizing strategic investments to attain sustainable profit growth and increase its enterprise value will be a main driver of shareholder value. Also, the Company considers the return of capital to its shareholders to be an important part of its management strategy. The Company's dividend policy is to provide a stable and sustainable return to shareholders based on a comprehensive evaluation of the results of operations, the internal reserves that the Company may require for investment for its future growth, and the ability to establish a stable financial foundation.

In addition, the Company sets a consolidated payout ratio target of approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses.

In accordance with its dividend policy above, annual dividend for FY2018 is 28 yen per share, which consists of an interim dividend of 13.5 yen per share and a year-end dividend of 14.5 yen per share.

The Company allocates its retained earnings to strategic investments for growth in order to increase enterprise value. The Company may consider implementing a share repurchase program, depending on the capital market environment and the outlook of its financial position.

The Company's basic policy is to declare dividends twice a year. Matters stipulated in Article 459, Paragraph 1 of the Companies Act of Japan, including cash dividends, are not resolved by General Meetings of Shareholders, but by Meetings of the Board of Directors, unless otherwise provided by laws and regulations.

The annual dividend forecast for FY2019 is 30 yen per share, which consists of an interim dividend of 15 yen per share and a year-end dividend of 15 yen per share.

2. Overview of the Group

The Company, as the holding company, sets the management policy and oversees the operational management of the Group. The Group as of March 31, 2019, consists of the Company, 352 subsidiaries and 11 affiliates.

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

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

HR Technology

The HR Technology segment consists of the operations of *Indeed*, an online job search engine, and the operations of *Glassdoor*, an online job and company information site. Using aggregation technology, a hosted jobs platform, and a proprietary search algorithm, *Indeed* simplifies the job search experience by creating a single destination for job seekers to find jobs relevant to them from thousands of company websites, job boards and direct job postings. *Indeed* helps employers hire talent through job advertising, providing an efficient source of candidates for hundreds of thousands of employers through its pay per performance sponsorship model. *Indeed* also offers employers the ability to directly source candidates using its database of millions of resumes. *Glassdoor* combines jobs with millions of reviews and insights shared by individual users to help people everywhere find a job and company they love. *Glassdoor* helps employers hire talent at scale through recruiting solutions including job advertising, job posting and employer branding products

Media & Solutions

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

In Marketing Solutions, the Group supports users' decision making process by offering information in areas such as housing and real estate, bridal, travel, dining and beauty through its online platforms and print media. Marketing Solutions also offers services to its enterprise clients, including advertisement placement on online platforms and print media which the Group operates and business solutions to attract users and improve their operational efficiency.

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 users such as online booking 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 users with information about hair treatments, relaxation and other beauty treatment salons. The *Hot Pepper Beauty* online platform offers an online booking service as well as a searching functionality 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 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 mainly for high school students which provides higher education and career information, and *Study Sapuri*, an online learning support platform for students and adults. Also, *Air Series*, which are cloud-based operational support services such as *AirREGI* and *Air Pay*, are provided to mainly dining and beauty enterprise clients to improve their managerial and operational efficiency.

In HR Solutions, the Group offers a variety of HR services through its platforms, which enable individual users to find job opportunities and enterprise clients to find talent. 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*.

Staffing

The Staffing segment consists of Japan and Overseas operations, primarily offering temporary staffing services for clerical, manufacturing, light industry and various professional positions. The Group selects appropriate agency workers based on the skills needed by clients from the large pool of agency workers registered with the Group, then delivers agency workers to clients after signing employment agreements with the agency workers. In its Japan operations, the Group 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 worker dispatching undertakings primarily through Recruit Staffing Co., Ltd. and STAFF SERVICE HOLDINGS CO., LTD.

In its Overseas operations, the Group offers services through Staffmark Group, LLC (renamed from STAFFMARK HOLDINGS, INC. in December 2018) and The CSI Companies, Inc. in North America, Chandler Macleod Group Limited in Australia, and, in Europe, Advantage Resourcing Europe B.V., Unique NV, USG People France SAS, USG People Germany GmbH, and USG People Holdings B.V., as well as other companies.

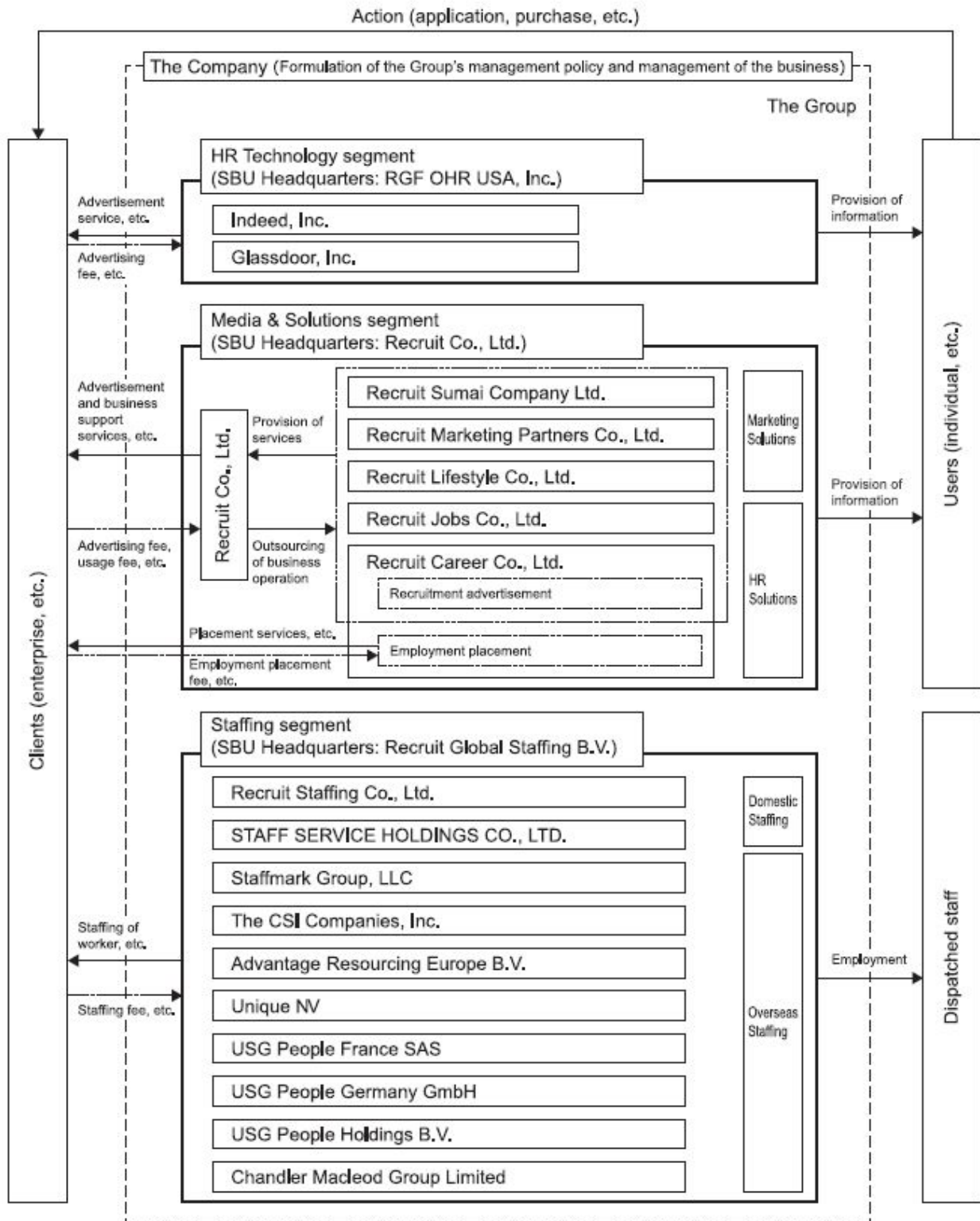
The following table presents main companies, brands and services for each reportable segment, as of March 31, 2019.

Segment/ SBU ¹ Headquarters	Operations	Business Description	Companies	Brands and Services
HR Technology RGF OHR USA, Inc.	-	Global job search engine and recruitment advertisement services	Indeed, Inc. Glassdoor, Inc.	Indeed Online job search engine
				Glassdoor Online job 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
	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.	Air Series Cloud-based operational and management support services for enterprise clients such as accounting and payment systems
				Rikunabi Job searching information website for new graduates
Staffing Recruit Global 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 Europe B.V. Unique NV USG People France SAS USG People Germany GmbH USG People Holdings B.V. Chandler Macleod Group Limited	-

¹ Strategic Business Unit

Operational Chart

An overview of the main transactions and major consolidated subsidiaries is as follows.



3. Management Policy

The forward looking statements in the section below incorporate the Company's assumptions as of March 31, 2019.

Group Management Policy

The basic principle of the Group is to focus on "creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest." The Group's Vision is "Follow Your Heart"; the defined Mission of the Group is "Opportunities for Life. Faster, simpler, and closer to you"; and the established Values of the Group are "WOW THE WORLD", "BET ON PASSION" and "PRIORITIZE SOCIAL VALUE".

Target Management Key Performance Indicators (KPIs)

The Group flexibly and aggressively carries out various growth investments, including mergers and acquisitions, in order to achieve profitable growth over the long-term, and focuses on managing an appropriate balance of investments and earnings growth as well as increasing shareholder value. Therefore, the Group has set adjusted EBITDA¹ and adjusted EPS² as target management KPIs to maximize its enterprise value.

The Group adopted IFRS 16 in Q1 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 also must 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 for its right-of-use assets and an 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. Adjusted EBITDA = operating income + depreciation and amortization(excluding depreciation of right-of-use assets) ± other operating income/expenses
2. Adjusted EPS = adjusted profit³ / (number of shares issued at the end of the period - number of treasury stock at the end of the period)
3. Adjusted profit = profit attributable to owners of the parent ± adjustment items⁴ (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
4. Adjustment items = amortization of intangible assets by acquisitions ± non-recurring income/losses

Group Business Environment and Group Management Strategy

The Group believes swift decision making is essential to maximize enterprise value and shareholder value by actively responding to the rapidly transforming Internet business industry and identifying business opportunities globally. In order to do so, the Group operates its businesses through each of its three Strategic Business Units ("SBU"s), HR Technology, Media & Solutions and Staffing. Furthermore, the Group established respective SBU Headquarters for each SBU, and operates under such management structure. This organizational structure enhances the management capabilities of each SBU Headquarters to execute its own independent strategy in a self-sustaining manner; the SBU structure also enables the Company to focus on and strengthen its holding company functions, including Group monitoring and governance; through these many positive impacts of the SBU structure, the Group enterprise value is increased.

The Group offers various matching solutions connecting individual users and enterprise clients, and continues to enhance its ability to match by minimizing inconvenience and satisfying demands of users and clients. By leveraging technology, the Group focuses on improving the capabilities of its matching services to offer users the best results, and supports clients, mainly SMEs, to optimize their business operations.

Notably, the Group aims to become the global leader in the HR matching market (the size of which is estimated by the Group as approximately 150 billion US dollars¹) 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 market, which is the main business of the HR Technology segment, is estimated to be approximately 15 billion US dollars² in annual revenue, and it is growing as more than 5 billion US dollar³ offline job advertising market flows into online. The placement and search market is estimated to be approximately 50 billion US dollars⁴ in revenue globally. The temporary staffing market is estimated to be approximately 445 billion US dollars⁴ in revenue globally, while the gross profit for staffing companies (subtracting the amount of salary for temporary staff and related costs from the total revenue) is estimated to be approximately 81 billion US dollars⁵.

¹ Source: SIA, www.staffingindustry.com; 2018 company estimates, consisting of the job advertising and talent sourcing tools market, the placement and search market, and the temporary staffing market (gross profit)

² Source: 2018 company estimates, consisting of online job advertising, employer branding, and talent sourcing tools

³ Source: 2018 company estimates

⁴ Source: SIA, Global Staffing Industry Market Estimates and Forecast: November 2018 Update, company estimates; assumes 6% industry growth rate in 2018

⁵ Assumes gross profit margin of 18.3% calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue (2018)

The HR Technology segment aims to further expand its presence globally through *Indeed*, an online job search engine, and *Glassdoor*, an online job and company information site. The segment aims to drive future growth by investing in its existing online job advertising business and to execute new business development and M&A to make recruiting processes more efficient.

The Media & Solutions segment strives for stable growth by improving its existing businesses (particularly its advertising businesses) and strengthening its relationship with existing and new clients through operational and management support services.

In the Staffing segment, Japan operations aim for stable growth against a backdrop of a tight labor market environment in Japan. Overseas operations focus on improving adjusted EBITDA margin continuously by fully implementing its Unit Management System.

4. Basic Rationale for Selection of Accounting Standards

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

5. Consolidated Financial Statements and Primary Notes
(1) Consolidated Statement of Financial Position

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	389,822	402,911
Trade and other receivables	323,116	340,254
Other current financial assets	19,864	26,903
Other current assets	38,159	38,938
Total current assets	770,962	809,007
Non-current assets		
Property, plant and equipment	57,211	74,566
Goodwill	312,944	410,651
Intangible assets	229,232	242,583
Investments in associates and joint ventures	43,950	50,557
Other non-current financial assets	118,038	127,458
Deferred tax assets	35,590	27,451
Other non-current assets	6,102	6,706
Total non-current assets	803,070	939,975
Total assets	1,574,032	1,748,982

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	204,172	212,193
Bonds and borrowings	24,068	24,869
Other financial liabilities	1,356	1,175
Income tax payables	20,991	35,327
Provisions	7,034	4,665
Other current liabilities	190,145	219,362
Total current liabilities	447,768	497,594
Non-current liabilities		
Bonds and borrowings	159,007	137,212
Other financial liabilities	4,860	1,334
Provisions	5,043	8,581
Net defined benefit liability	45,781	52,347
Deferred tax liabilities	53,172	52,240
Other non-current liabilities	17,738	27,420
Total non-current liabilities	285,603	279,137
Total liabilities	733,372	776,731
Equity		
Equity attributable to owners of the parent		
Common stock	10,000	10,000
Share premium	50,115	49,136
Retained earnings	811,287	942,449
Treasury stock	(32,049)	(32,378)
Other components of equity	(3,748)	(3,431)
Total equity attributable to owners of the parent	835,605	965,775
Non-controlling interests	5,055	6,475
Total equity	840,660	972,251
Total liabilities and equity	1,574,032	1,748,982

(2) Consolidated Statement of Profit and Loss

(In millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Revenue	2,173,385	2,310,756
Cost of sales	1,159,102	1,141,594
Gross profit	1,014,283	1,169,162
Selling, general and administrative expenses	817,233	947,041
Other operating income	5,760	9,112
Other operating expenses	11,015	8,143
Operating income	191,794	223,090
Share of profit (loss) of associates and joint ventures	2,918	7,894
Finance income	5,618	9,204
Finance costs	1,102	374
Profit before tax	199,228	239,814
Income tax expense	46,898	64,433
Profit for the year	152,329	175,381
Profit attributable to:		
Owners of the parent	151,667	174,280
Non-controlling interests	662	1,101
Profit for the year	152,329	175,381
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	90.79	104.31
Diluted earnings per share (yen)	90.60	104.11

(3) Consolidated Statement of Comprehensive Income

	(In millions of yen)	
	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Profit for the year	152,329	175,381
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	(892)	480
Remeasurements of defined benefit plans	(219)	(3,108)
Share of other comprehensive income of associates and joint ventures	731	655
Subtotal	(379)	(1,972)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	2,867	294
Effective portion of the change in the fair value of cash flow hedges	88	(246)
Subtotal	2,956	48
Other comprehensive income (loss) for the year, net of tax	2,576	(1,924)
Comprehensive income for the year	154,906	173,456
Comprehensive income attributable to:		
Owners of the parent	154,405	172,216
Non-controlling interests	500	1,240
Total comprehensive income	154,906	173,456

(4) Consolidated Statement of Changes in Equity

For the Fiscal Year Ended March 31, 2018

(In millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Share premium	Retained earnings	Treasury stock	Other components of equity		
					Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
Balance at April 1, 2017	10,000	52,529	714,055	(31,640)	3,221	(11,383)	792
Profit for the year			151,667				
Other comprehensive income						3,029	88
Comprehensive income for the year	-	-	151,667	-	-	3,029	88
Transfer from other components of equity to retained earnings			(379)				
Purchase of treasury stock		(21)		(1,063)			
Disposal of treasury stock		(131)		655	(523)		
Dividends			(54,571)				
Share-based payments					1,026		
Equity transactions with non-controlling interests		(2,245)					
Other		(16)	515				
Transactions with owners - total	-	(2,414)	(54,435)	(408)	502	-	-
Balance at March 31, 2018	10,000	50,115	811,287	(32,049)	3,723	(8,354)	881

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance at April 1, 2017	-	-	(7,369)	737,575	5,190	742,765
Profit for the year			-	151,667	662	152,329
Other comprehensive income	(160)	(219)	2,738	2,738	(162)	2,576
Comprehensive income for the year	(160)	(219)	2,738	154,405	500	154,906
Transfer from other components of equity to retained earnings	160	219	379	-		-
Purchase of treasury stock			-	(1,085)		(1,085)
Disposal of treasury stock			(523)	0		0
Dividends			-	(54,571)		(54,571)
Share-based payments			1,026	1,026		1,026
Equity transactions with non-controlling interests			-	(2,245)	(799)	(3,044)
Other			-	499	163	663
Transactions with owners - total	160	219	882	(56,376)	(635)	(57,011)
Balance at March 31, 2018	-	-	(3,748)	835,605	5,055	840,660

For the Fiscal Year Ended March 31, 2019

(In millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Share premium	Retained earnings	Treasury stock	Other components of equity		
					Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
Balance at April 1, 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			Total	Total		
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
Balance at April 1, 2018	-	-	(3,748)	835,605	5,055	840,660	
Cumulative effects of changes in accounting policies			-	1,360		1,360	
Restated balance	-	-	(3,748)	836,965	5,055	842,020	
Profit for the 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	

(5) Consolidated Statement of Cash Flows

	(In millions of yen)	
	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Cash flows from operating activities		
Profit before tax	199,228	239,814
Depreciation and amortization	61,363	71,122
Gain on sales of investments in subsidiaries	(3,489)	(7,501)
(Increase) decrease in trade and other receivables	(26,765)	(14,311)
Increase (decrease) in trade and other payables	27,453	7,742
Other	7,268	6,258
Subtotal	<u>265,060</u>	<u>303,125</u>
Interest and dividends received	4,107	6,656
Interest paid	(295)	(446)
Income tax paid	<u>(74,754)</u>	<u>(32,375)</u>
Net cash flows from operating activities	<u>194,117</u>	<u>276,960</u>
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(19,997)	(28,480)
Payment for purchase of intangible assets	(44,133)	(47,285)
Payment for purchase of shares of subsidiaries	(5,330)	(126,847)
Proceeds from sales of shares of subsidiaries	6,799	8,041
Other	(3,276)	(10,047)
Net cash flows from investing activities	<u>(65,937)</u>	<u>(204,619)</u>
Cash flows from financing activities		
Repayments of long-term borrowings	(24,958)	(24,957)
Payment for purchase of treasury stock	(1,081)	(1,323)
Dividends paid	(54,552)	(42,616)
Other	(2,577)	376
Net cash flows from financing activities	<u>(83,169)</u>	<u>(68,521)</u>
Effect of exchange rate changes on cash and cash equivalents	(10,384)	9,270
Net increase (decrease) in cash and cash equivalents	34,625	13,088
Cash and cash equivalents at the beginning of the year	<u>355,196</u>	<u>389,822</u>
Cash and cash equivalents at the end of the year	<u>389,822</u>	<u>402,911</u>

(6) Going Concern Assumption

Not applicable.

(7) Notes to Consolidated Financial Statements**1. Change in Accounting Policies**

The Group has applied IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (collectively, "IFRS 15") from the fiscal year ended March 31, 2019.

In applying IFRS 15, the Group adopts a method of recognizing the cumulative effect of applying this standard at the date of initial application, which is accepted as a transitional measure.

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

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

The incremental costs of obtaining a contract are recognized as an asset ("asset recognized for costs of obtaining contracts") if those costs are expected to be recoverable.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

An asset recognized for costs of obtaining contracts is amortized on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates, unless the amortization period of the asset is one year or less. If the amortization period of the asset is one year or less, the incremental costs of obtaining a contract are expensed when incurred by applying the practical expedient specified in IFRS 15.

Thus, certain costs (such as sales commission) which were expensed under the previous accounting standards are capitalized.

As a result, compared with the previous accounting standard, as of the beginning of the fiscal year ended March 31, 2019, other current assets increased by 1,764 million yen, retained earnings increased by 1,360 million yen, and deferred tax assets decreased by 540 million yen, among other changes.

The Group also identified performance obligations in contracts with customers based on the above five-step approach.

For certain sales transactions through sales agents, the Group reassessed the previous identification of a customer, and concluded that sales agents for some transactions should be defined as the customer. Accordingly, consideration for such transactions is determined based on the transaction price agreed with the agents.

In addition, for transactions where another party is involved in providing services to customers, the Group examined whether it has control over the services before the satisfaction of the performance obligations related to the services, and then has determined that it does not have control over the services. Accordingly, revenues from certain customers which were presented on a gross basis are presented on a net basis.

As a result, compared with the previous accounting standards, in the consolidated statement of profit or loss for the fiscal year ended March 31, 2019, revenue and cost of sales decreased by 25,916 million yen, respectively.

2. Business Combinations

For the Fiscal Year Ended March 31, 2018

No significant business combinations occurred during the fiscal year ended March 31, 2018.

For the Fiscal Year Ended March 31, 2019

(1) Stock acquisition of Glassdoor, Inc.

1) Name of the acquiree and description of its business

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

Description of business: 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 well known for its online job search engine) explore ways to collaborate to meet challenges faced by both job seekers and employers. This acquisition enhances the Company's position as the leader in job search, job seeker and employer matching, and 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) Component of goodwill recognized

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

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

(In millions of yen)

Item	Amount
Current assets ¹	20,705
Non-current assets ²	31,999
Total assets	52,704
Current liabilities ³	9,178
Non-current liabilities	985
Total liabilities	10,163
Total equity	42,541
Goodwill ⁴	100,504
Total	143,045

The amounts of assets acquired and liabilities assumed are provisionally determined as the allocation of the consideration paid has not yet been completed.

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.

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

9) Acquisition-related expenses

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

3. Operating Segments

(1) Overview of Reportable Segments

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

The Group has three reportable segments by type of business, namely, (1) HR Technology segment, (2) Media & Solutions segment, and (3) Staffing segment.

The HR Technology segment consists of the operations of Indeed, an online job search engine, Glassdoor, an online jobs and company information site, and related businesses.

The Media & Solutions segment consists of two business operations, namely, the Marketing Solutions operation and the HR Solutions operation.

The Staffing segment consists of two business operations, namely, Japan and Overseas.

(2) Information on Reportable Segments

Income of reportable segments is EBITDA (operating income + depreciation and amortization ± other operating income/expenses).

Segment profit of Eliminations and Adjustments includes management service fees from subsidiaries of the Group and corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general administrative fees that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in transactions with third parties. Segment assets are not stated as they are not calculated.

For the Fiscal Year Ended March 31, 2018

(In millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	213,260	674,539	1,285,585	2,173,385	-	2,173,385
Intersegment revenue or transfers	5,272	5,454	13,286	24,013	(24,013)	-
Total	218,533	679,994	1,298,871	2,197,399	(24,013)	2,173,385
Segment profit (loss)	30,621	156,154	72,724	259,500	(1,086)	258,413
Depreciation and amortization						61,363
Other operating income						5,760
Other operating expenses						11,015
Operating income						191,794
Share of profit (loss) of associates and joint ventures						2,918
Finance income						5,618
Finance costs						1,102
Profit before tax						199,228

For the Fiscal 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 parties	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
Finance income						9,204
Finance costs						374
Profit before tax						239,814

(3) Information on Products and Services

This information is omitted because the products and services are segmented by reportable segment.

(4) Information on Regions

1) Revenue from third parties

(In millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Japan	1,172,254	1,258,423
The United States	381,632	437,530
Others	619,499	614,802
Total	2,173,385	2,310,756

Revenue is classified based on locations where third parties reside.

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

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
Japan	162,859	175,026
The United States	144,255	282,214
The Netherlands	193,863	180,969
Others	104,511	96,297
Total	605,490	734,507

(5) Information on Major Customers

This information is omitted because among revenue from third parties there are no counterparties who account for 10% or more of revenue in the consolidated statement of profit or loss for the fiscal years ended March 31, 2018 and 2019.

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)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Basic earnings per share (yen)	90.79	104.31
Basis for calculation:		
Profit (loss) attributable to owners of the parent	151,667	174,280
Amount not attributable to common shareholders of the parent	-	-
Profit (loss) used in the calculation of basic earnings per share	151,667	174,280
Weighted average number of shares of common stock outstanding (thousand shares)	1,670,462	1,670,820

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

(In millions of yen, unless otherwise stated)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Diluted earnings per share (yen)	90.60	104.11
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	151,667	174,280
Adjustment on profit (loss)	-	-
Profit (loss) used in the calculation of diluted earnings per share	151,667	174,280
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)	1,670,462	1,670,820
Effect of dilutive potential common stock (thousand shares)	3,534	3,176
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share (thousand shares)	1,673,997	1,673,997

Note: The Company implemented a three-for-one stock split of its common stock effective on July 1, 2017. The amounts of basic earnings per share and diluted earnings per share are calculated assuming that the stock split was implemented at the beginning of the previous fiscal year.