

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

Recruit Holdings Co., Ltd. and consolidated subsidiaries
As of fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	¥ 307,161	¥ 257,741
Notes and accounts receivable—trade	195,709	222,288
Securities	6,178	53,176
Deferred tax assets	24,599	23,264
Other current assets	38,346	37,524
Allowance for doubtful accounts	(5,355)	(4,256)
Total current assets	566,639	589,739
Noncurrent assets		
Property plant and equipment		
Buildings and structures net	8,313	9,767
Land	7,763	7,743
Other net	9,677	14,921
Total property plant and equipment	25,754	32,432
Intangible assets		
Goodwill	216,394	213,051
Software	54,685	70,938
Other	64,139	77,604
Total intangible assets	335,218	361,594
Investments and other assets		
Investment securities	133,836	120,854
Net defined benefit asset	143	3
Deferred tax assets	11,949	11,757
Other assets	27,523	34,588
Allowance for doubtful accounts	(282)	(288)
Total investments and other assets	173,169	166,914
Total noncurrent assets	534,143	560,942
Total assets	¥1,100,782	¥1,150,681
Liabilities		
Current liabilities		
Notes and accounts payable—trade	¥ 57,996	¥ 60,104
Current portion of long-term debt	15,000	15,000
Accrued expenses	76,620	85,354
Income taxes payable	15,110	40,050
Accrued employees' bonuses	19,806	24,728
Other current liabilities	55,703	56,758
Total current liabilities	240,236	281,997
Long-term liabilities		
Long-term debt	15,000	—
Deferred tax liabilities	52,817	49,693
Workers' compensation liability	8,069	8,671
Net defined benefit liability	28,232	28,750
Other long-term liabilities	2,267	4,568
Total long-term liabilities	106,387	91,683
Total liabilities	346,624	373,680
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	53,679	53,756
Retained earnings	558,310	596,305
Treasury stock	(531)	(495)
Total shareholders' equity	621,459	659,565
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	34,177	29,016
Deferred gain (loss) on derivatives under hedge accounting	(75)	(2,157)
Foreign currency translation adjustments	97,006	86,274
Remeasurements of defined benefit plans	(2,939)	(2,421)
Total accumulated other comprehensive income	128,169	110,712
Stock acquisition rights	1,206	2,137
Non-controlling interests	3,322	4,585
Total equity	754,157	777,000
Total liabilities and equity	¥1,100,782	¥1,150,681

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	¥1,299,930	¥1,588,623
Cost of sales	644,737	832,330
Gross profit	655,192	756,293
Selling general and administrative expenses	532,693	642,260
Operating income	122,499	114,032
Non-operating income		
Interest income	375	605
Dividend income	1,557	1,960
Share of profit of entities accounted for using equity method	3,215	4,961
Other	996	1,184
Total non-operating income	6,144	8,712
Non-operating expenses		
Interest expense	599	970
Foreign exchange losses	1,392	2,087
Going public expenses	395	—
Other	637	350
Total non-operating expenses	3,025	3,408
Ordinary income	125,617	119,336
Extraordinary income		
Gain on sales of investment securities	1,859	5,948
Gain on sales of shares of subsidiaries and associates	339	—
Gain on step acquisitions	920	1,815
Other	77	539
Total extraordinary income	3,196	8,303
Extraordinary losses		
Loss on disposal of noncurrent assets	817	1,175
Loss on valuation of investment securities	147	1,122
Loss on sales of shares of subsidiaries and associates	254	308
Impairment loss	481	857
Other	180	918
Total extraordinary losses	1,881	4,383
Income before income taxes	126,932	123,256
Income taxes: Current	32,190	61,900
Income taxes: Deferred	24,886	(3,700)
Total income taxes	57,076	58,199
Net income	69,856	65,057
Net income attributable to non-controlling interests	153	521
Net income attributable to owners of the parent	¥ 69,702	¥ 64,535

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	¥ 69,856	¥ 65,057
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	10,748	(5,160)
Deferred gain (loss) on derivatives under hedge accounting	(787)	(2,082)
Foreign currency translation adjustments	36,225	(9,056)
Remeasurements of defined benefit plans net of tax	(1,008)	517
Share of other comprehensive income in affiliated companies	2,841	(1,677)
Total other comprehensive income	48,019	(17,458)
Comprehensive income	¥ 117,875	¥ 47,598
Total comprehensive income attributable to:		
Owners of the parent	¥ 117,516	¥ 47,078
Non-controlling interests	358	520

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Equity

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	¥ 3,002	¥17,632	¥503,006	¥(60,815)	¥462,826
Cumulative effects of changes in accounting policies			(950)		(950)
Restated balance	3,002	17,632	502,056	(60,815)	461,876
Changes of items during period					
Issuance of new shares	6,997	3,852			10,850
Cash dividends			(13,774)		(13,774)
Net income attributable to owners of the parent			69,702		69,702
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		65,928		26,554	92,483
Retirement of treasury stock		(33,734)		33,734	—
Change in scope of equity method			326		326
Changes in equity of the parent arising from transactions with non-controlling interests					—
Other changes during the period					
Total changes of items during period	6,997	36,047	56,253	60,284	159,582
Balance at end of current period	¥10,000	¥53,679	¥558,310	¥ (531)	¥621,459

(Millions of yen)

	Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)							
	Accumulated other comprehensive income							
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total equity
Balance at beginning of current period	¥23,429	¥712	¥58,318	¥(1,929)	¥ 80,530	¥ 321	¥2,943	¥546,621
Cumulative effects of changes in accounting policies					—			(950)
Restated balance	23,429	712	58,318	(1,929)	80,530	321	2,943	546,671
Changes of items during period								
Issuance of new shares								10,850
Cash dividends								(13,774)
Net income attributable to owners of the parent								69,702
Purchase of treasury stock								(4)
Disposal of treasury stock								92,483
Retirement of treasury stock								—
Change in scope of equity method								326
Changes in equity of the parent arising from transactions with non-controlling interests								—
Other changes during the period	10,748	(787)	38,688	(1,010)	47,638	885	379	48,903
Total changes of items during period	10,748	(787)	38,688	(1,010)	47,638	885	379	208,486
Balance at end of current period	¥34,177	¥ (75)	¥97,006	¥(2,939)	¥128,169	¥1,206	¥3,322	¥754,157

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Equity

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

(Millions of yen)

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)					
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of current period	¥10,000	¥53,679	¥558,310	¥(531)	¥621,459
Cumulative effects of changes in accounting policies					—
Restated balance	10,000	53,679	558,310	(531)	621,459
Changes of items during period					
Issuance of new shares					—
Cash dividends			(26,540)		(26,540)
Net income attributable to owners of the parent			64,535		64,535
Purchase of treasury stock					—
Disposal of treasury stock		60		35	95
Retirement of treasury stock					—
Changes in equity of the parent arising from transactions with non-controlling interests		16			16
Other changes during the period					
Total changes of items during period	—	76	37,994	35	38,106
Balance at end of current period	¥10,000	¥53,756	¥596,305	¥(495)	¥659,565

(Millions of yen)

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)								
	Accumulated other comprehensive income							Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	
Balance at beginning of current period	¥34,177	¥ (75)	¥ 97,006	¥(2,939)	¥128,169	¥1,206	¥3,322	¥754,157
Cumulative effects of changes in accounting policies					—	—		—
Restated balance	34,177	(75)	97,006	(2,939)	128,169	1,206	3,322	754,157
Changes of items during period								
Issuance of new shares								—
Cash dividends								(26,540)
Net income attributable to owners of the parent								64,535
Purchase of treasury stock								—
Disposal of treasury stock								95
Retirement of treasury stock								—
Changes in equity of the parent arising from transactions with non-controlling interests								16
Other changes during the period	(5,160)	(2,082)	(10,731)	517	(17,457)	930	1,262	(15,263)
Total changes of items during period	(5,160)	(2,082)	(10,731)	517	(17,457)	930	1,262	22,842
Balance at end of current period	¥29,016	¥(2,157)	¥ 86,274	¥(2,421)	¥110,712	¥2,137	¥4,585	¥777,000

Consolidated Statements of Cash Flows

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Income before income taxes	¥126,932	¥123,256
Depreciation and amortization	31,023	40,275
Impairment loss	481	857
Amortization of goodwill	37,882	47,942
Retirement benefit expenses	393	946
Increase (decrease) in allowance for doubtful accounts	(1,368)	(1,198)
Increase (decrease) in accrued employees' bonuses	2,095	4,688
Increase (decrease) in provision for workers' compensation liability	250	599
Increase (decrease) in net defined benefit liability	(252)	347
Interest and dividend income	(1,932)	(2,566)
Interest expense	599	970
Foreign exchange (gains) losses	592	(380)
Share of (profit) loss of entities accounted for using equity method	(3,215)	(4,961)
Going public expenses	395	-
Loss on disposal of noncurrent assets	817	1,175
(Gain) loss on sales of investment securities—net	(1,847)	(5,944)
(Gain) loss on sales of shares of subsidiaries and associates	(84)	308
(Gain) loss on valuation of investment securities	147	1,122
(Gain) loss on step acquisitions	(920)	(1,815)
(Increase) decrease in trade receivables	(25,140)	(13,615)
Increase (decrease) in trade payables	24,148	(1,024)
Other—net	1,435	2,304
Subtotal	192,434	193,290
Interest and dividend income received	2,232	2,785
Interest expense paid	(610)	(968)
Income taxes paid	(56,559)	(32,595)
Net cash provided by operating activities	137,497	162,511
Cash flows from investing activities		
Payments into time deposits	(4,126)	(1,108)
Proceeds from withdrawal of time deposits	4,000	1,101
Payments for purchase of property plant and equipment	(6,695)	(13,030)
Payments for purchase of intangible assets	(28,527)	(35,290)
Payments for purchase of investment securities	(7,480)	(6,038)
Proceeds from sales and redemption of investment securities	4,492	18,878
Payments for purchase of shares of subsidiaries and associates	(1,573)	(99)
Proceeds from sales of shares of subsidiaries and associates	703	-
Payments for investments in capital	(1,822)	(2,912)
Collection of investments in capital	-	133
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	(33,520)	(67,131)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	105	306
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(121)	(270)
Payments for purchase of investments in subsidiaries	(1,570)	-
Proceeds from liquidation of subsidiaries	41	218
Payments for transfer of business	(125)	(469)
Proceeds from transfer of business	-	435
Payments of short-term loans receivable	(292)	(125)
Proceeds from collection of short-term loans	10	314
Collection of long-term loans receivable	169	86
Other—net	(4,025)	(4,611)
Net cash used in investing activities	(80,358)	(109,613)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings—net	(2)	(4,049)
Repayments of long-term debt	(26,719)	(22,801)
Payments for issuance of common shares	(395)	-
Proceeds from issuance of common shares	10,850	-
Proceeds from share issuance to non-controlling shareholders	412	111
Proceeds from sales of treasury stock	92,483	-
Dividends paid	(13,670)	(26,422)
Dividends paid to non-controlling interests	(292)	-
Payments for purchase of investments in subsidiaries not resulting in change in scope of consolidation	-	(291)
Other—net	(85)	(94)
Net cash provided by (used in) financing activities	62,580	(53,546)
Foreign currency translation adjustments on cash and cash equivalents	6,324	(2,225)
Net increase (decrease) in cash and cash equivalents	126,044	(2,875)
Cash and cash equivalents at beginning of period	187,153	313,197
Cash and cash equivalents at end of period	¥313,197	¥310,322