May 17, 2021

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Year Ended March 31, 2021 (IFRS, Unaudited)

Tokyo, May 17, 2021 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the year ended March 31, 2021 (April 1, 2020 to March 31, 2021).

(Amounts are rounded down to the nearest million yen)

Consolidated Operating Results

(In millions of yen, unless otherwise stated)	FY2019	FY2020	% change
Revenue	2,399,465	2,269,346	-5.4%
Adjusted EBITDA	325,159	241,658	-25.7%
Operating income	206,011	162,823	-21.0%
% to revenue	8.6%	7.2%	-
Profit before tax	226,149	168,502	-25.5%
Return on assets (%)	12.1%	8.0%	-
Profit attributable to owners of the parent	179,880	131,393	-27.0%
% to total equity attributable to owners of the parent	18.4%	12.6%	-
Profit available for dividends	184,522	121,765	-34.0%
Total comprehensive income	152,970	209,011	36.6%
Basic EPS (yen)	108.27	79.83	-
Diluted EPS (yen)	108.07	79.70	-
Adjusted EPS (yen)	121.03	82.56	-31.8%

Reference: Share of profit of associates and joint ventures was 3,617 million yen in FY2019 and 6,468 million yen in FY2020.

Consolidated Financial Position

(In millions of yen, unless otherwise stated)	As of March 31, 2020	As of March 31, 2021
Total assets	1,998,917	2,196,613
Total equity	995,743	1,101,289
Equity attributable to owners of the parent	988,449	1,091,571
Ratio of equity attributable to owners of the parent (%)	49.4%	49.7%
Equity attributable to owners of the parent per share (yen)	599.65	667.96

Consolidated Cash Flows

(In millions of yen, unless otherwise stated)	FY2019	FY2020
Net cash flows from operating activities	303,325	286,597
Net cash flows from investing activities	(88,993)	(40,373)
Net cash flows from financing activities	(192,721)	(172,713)
Cash and cash equivalents at the end of the year	421,253	501,043

Dividends

(In yen, unless otherwise stated)	FY2019	FY2020	FY2021 (Forecast)
At the end of Q1	-	-	-
At the end of Q2	15.00	9.50	-
At the end of Q3	-	-	-
At the end of Q4	15.00	10.50	-
Total	30.00	20.00	-
Total amount of dividend payment (in millions of yen)	49,811	32,855	-
Payout ratio-consolidated (%)	27.7	25.1	-
Ratio of dividends to total equity attributable to owners of the parent (%)	5.1	3.2	-

Reference: Payout ratio (consolidated) based on profit available for dividends was 27.0% in FY2020.
The annual dividend for FY2021 is undecided.

Consolidated Financial Guidance for FY2021

The Company provides the guidance of key financial metrics for FY2021 as below:

(In millions of yen, unless otherwise stated)	**FY2021 (Forecast)**	**Year on year % change**
Revenue	2,450,000 - 2,600,000	8.0% - 14.6%
Adjusted EBITDA	270,000 - 335,000	11.7% - 38.6%
Operating income	180,000 - 245,000	10.5% - 50.5%
Profit before tax	185,000 - 250,000	9.8% - 48.4%
Profit for the period	140,000 - 190,000	6.3% - 44.3%
Profit attributable to owners of the parent	140,000 - 190,000	6.6% - 44.6%
Adjusted EPS (yen)	95.51 - 126.10	15.7% - 52.7%

Please refer to page 15, Consolidated Financial Guidance for FY2021 for more details.

Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation

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

Changes in Accounting Policies and Changes in Accounting Estimates

There has been no change in: (1) accounting policies required by IFRS, (2) accounting policies other than the foregoing item (1), and (3) accounting estimates.

Number of Issued Shares - Common Stock

	As of March 31, 2020	As of March 31, 2021
Number of issued shares including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	47,574,459	61,763,564

	FY2019	FY2020
Average number of shares during the period	1,661,362,368	1,645,920,829

Definition of the Abbreviation

Abbreviation	Definition
Recruit Holdings, the Holding Company	Recruit Holdings Co., Ltd. on a standalone basis
the Company, Recruit Group, We, Our	Recruit Holdings Co., Ltd. and its consolidated subsidiaries
SBU	Strategic Business Unit
Q1	Three-month period from April 1 to June 30
Q2	Three-month period from July 1 to September 30
Q3	Three-month period from October 1 to December 31
Q4	Three-month period from January 1 to March 31
FY2019	Fiscal year from April 1, 2019 to March 31, 2020
FY2020	Fiscal year from April 1, 2020 to March 31, 2021
FY2021	Fiscal year from April 1, 2021 to March 31, 2022

Definition of the Financial Measures

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

Change of Company Name

The name of the companies in this document is as of March 31, 2021, unless otherwise indicated. The companies that changed their names during FY2020 are indicated below.

Company Name (prior to the change)	Company Name (as of March 31, 2021)	Change
USG People France SAS	RGF Staffing France SAS	December, 2020
USG People Germany GmbH	RGF Staffing Germany GmbH	February, 2021

Also, the name of the companies within Recruit Group changed from April 1, 2021 to May 17, 2021 is indicated below.

Company Name (as of March 31, 2021)	New Company Name (as of May 17, 2021)	Change
USG People Holdings B.V.	RGF Staffing the Netherlands B.V.	April, 2021

Average exchange rate during the period

	FY2019				FY2020			
(In yen)	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative
US dollar	109.90	108.60	108.65	108.70	107.63	106.93	106.11	106.10
Euro	123.50	121.40	121.04	120.81	118.59	121.34	122.44	123.76
Australian dollar	76.95	75.24	74.91	74.11	70.74	73.32	74.35	76.21

The amount of exchange rate effects on revenue for Q4 FY2020 is calculated by deducting the amount of the nine month period of FY2020 from the amount of the twelve month period of FY2020.

Reference: Outline of Non-consolidated Financial Results

Non-consolidated Operating Results

(In millions of yen, unless otherwise stated)	**FY2019**	**FY2020**	**% change**
Revenue	102,061	27,324	-73.2%
Operating profit	92,056	19,297	-79.0%
Recurring profit	94,065	19,574	-79.2%
Net income	85,854	14,063	-83.6%
Earnings per share – Basic (yen)	51.68	8.54	-
Earnings per share – Diluted (yen)	51.58	8.53	-

Non-consolidated Financial Position

(In millions of yen, unless otherwise stated)	**As of March 31, 2020**	**As of March 31, 2021**
Total assets	1,409,458	1,372,520
Net asset	872,799	805,322
Equity ratio (%)	61.8%	58.6%
Net asset per share	528.44	491.99

Reference: Equity was 871,080 million yen as of March 31, 2020 and 804,005 million yen as of March 31, 2021.

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

Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions and outlook for the future and estimates based on information available to the Company and the Company's plans and expectations as of the date of this document or other date indicated. There can be no assurance that the relevant forecasts and other forward-looking statements will be achieved. Please note that significant differences between the forecasts and other forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and business clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other factors. Accordingly, readers are cautioned against placing undue reliance on

any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.

Note Regarding Reference Translation

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

Third-Party Information

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

U.S. Disclaimer – Unsponsored American Depositary Receipt ("ADR")

The Company does not support or encourage, and has not consented to, the creation of any unsponsored ADR facilities in respect of its securities and in any event disclaims any liability in connection with an unsponsored ADR. The Company does not represent to any depositary institution, bank or anyone nor should any such entity rely on a belief that the Web site of the Company includes all published information in English, currently, and on an ongoing basis, required to claim an exemption under U.S. Exchange Act Rule 12g3-2(b).

A full set of materials regarding FY2020 results announcement is posted on https://recruit-holdings.com/ir/library/report/

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1. Management's Discussion and Analysis

Consolidated Results of Operations

The Company's consolidated revenue for Q4 FY2020 was 613.1 billion yen, an increase of 4.0% year on year. Excluding revenue of 18.8 billion yen from the Rent Assistance Program by The Small and Medium Enterprise Agency of the Ministry of Economy in Japan ("Rent Assistance Program"), consolidated revenue for Q4 increased 0.8% year on year. The global spread of COVID-19 and measures to help prevent the spread continued to have a broad impact on business performance. Restrictions and measures put in place to limit the spread of COVID-19 were eased in some countries, specifically the US, while economic activities were negatively impacted in many countries and regions such as Japan, where a state of emergency was declared for the second time, and Europe where multiple cities repeatedly imposed lockdowns.

In Q4, revenue of HR Technology and Staffing increased year on year and revenue of Media & Solutions decreased year on year. Excluding the positive impact of foreign exchange rate movements of 4.9 billion yen during the quarter, consolidated revenue increased 3.1% year on year. Consolidated revenue for FY2020 was 2.26 trillion yen, a decrease of 5.4% year on year (excluding the negative impact of foreign exchange rate movements of 3.8 billion yen, a decrease of 5.3%). Excluding revenue of 79.0 billion yen from the Rent Assistance Program, consolidated revenue for FY2020 decreased 8.7% year on year.

Consolidated operating income for Q4 FY2020 was 19.5 billion yen, compared to consolidated operating loss of 6.2 billion yen for Q4 FY2019. Consolidated operating income for Q4 FY2020 decreased 21.2% year on year compared to 24.7 billion yen for Q4 FY2019 which excludes impairment losses on goodwill and intangible assets. Consolidated operating income for FY2020 was 162.8 billion yen, a decrease of 21.0% year on year.

Profit before tax for Q4 FY2020 was 21.6 billion yen compared to loss before tax of 3.5 billion yen in Q4 FY2019. Profit for the period for Q4 FY2020 was 13.9 billion yen, an increase of 2.6% year on year. Profit attributable to owners of the parent for Q4 FY2020 was 13.8 billion yen, an increase of 3.5% year on year. For FY2020, profit before tax was 168.5 billion yen, a decrease of 25.5%, profit for FY2020 was 131.6 billion yen, a decrease of 27.3%, and profit attributable to owners of the parent was 131.3 billion yen, a decrease of 27.0%.

Consolidated adjusted EBITDA for Q4 FY2020 was 30.7 billion yen, a decrease of 44.4% year on year, and adjusted EBITDA margin for Q4 FY2020 was 5.0%. This was mainly due to increased investments, such as advertising expenses, for future growth in each business. Consolidated adjusted EBITDA for FY2020 was 241.6 billion yen, a decrease of 25.7% year on year, and adjusted EBITDA margin was 10.6%.

Adjusted EPS for Q4 FY2020 was 6.78 yen, a decrease of 61.0% year on year. Quarterly profit available for dividends was 7.3 billion yen, a decrease of 70.5% year on year. For FY2020, adjusted EPS was 82.56 yen, a decrease of 31.8% year on year, and profit available for dividends was 121.7 billion yen, a decrease of 34.0%.

Research and development expenses in Q4 FY2020 and for FY2020 were 22.1 billion yen and 74.4 billion yen, respectively. This consists primarily of compensation expenses for engineering and other technical employees responsible for the development of new products and enhancement of existing products using new technologies. The majority of research and development expenses were related to HR Technology.

	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
(In billions of yen, unless otherwise stated)	2020	2021		2020	2021	
Consolidated operating results						
Revenue	589.7	613.1	4.0%	2,399.4	2,269.3	-5.4%
Operating income	-6.2	19.5	-	206.0	162.8	-21.0%
Profit before tax	-3.5	21.6	-	226.1	168.5	-25.5%
Profit for the period	13.5	13.9	2.6%	181.2	131.6	-27.3%
Profit attributable to owners of the parent	13.3	13.8	3.5%	179.8	131.3	-27.0%
Management Key Performance Indicators						
Adjusted EBITDA	55.2	30.7	-44.4%	325.1	241.6	-25.7%
Adjusted EBITDA margin	9.4%	5.0%	-	13.6%	10.6%	-
Adjusted EPS (yen)	17.38	6.78	-61.0%	121.03	82.56	-31.8%

Revenue for the three months and the year ended March 31, 2021 includes 18.8 billion yen and 79.0 billion yen respectively from the Rent Assistance Program.

Results of Operations by Segment

HR Technology

Revenue for Q4 FY2020 was 131.1 billion yen, an increase of 23.3% year on year, and on a US dollar basis, reported revenue increased 26.8%[1] for Q4 FY2020 as a surge in hiring activity from small and medium sized businesses, particularly in the US, led to increased demand for sponsored job advertising[2].

During the fourth quarter, restrictions and measures put in place to limit the spread of COVID-19 were eased in the US and many European countries, which led to a rebound in recruiting and hiring activity in many industries as economic conditions improved. Hiring demand from new and existing customers, particularly small and medium size employers in the US, accelerated as they reopened, expanded operations, or created new businesses.

However, many job seekers remained hesitant to rejoin the workforce or change jobs due to COVID-19 related factors, which may have included health concerns, childcare responsibilities, and government financial support, resulting in dampened job seeker activity in Q4 on Indeed and Glassdoor. The imbalance during the quarter between muted job seeker activity and significant hiring demand increased competition for talent on Indeed and Glassdoor, and that competition was a significant driver of revenue growth in Q4.

Adjusted EBITDA for Q4 FY2020 increased by 107.2% year on year to 17.3 billion yen, primarily driven by an increase in revenue. Increased investments focused on product and technology initiatives while increases in sales, marketing and other administrative costs were controlled. Adjusted EBITDA margin was 13.3% for Q4 FY2020, an increase from 7.9% for Q4 FY2019.

As revenue trends continued to improve, HR Technology increased marketing investments compared to Q3 FY2020, and continued to hire engineers and technical employees to drive product enhancements in support of HR Technology's goal to improve the job seeker experience, dramatically simplify recruiting processes, and significantly reduce the cost and time to hire for employers.

For FY2020, revenue was 423.2 billion yen, a decrease of 0.4% year on year. On a US dollar basis, reported revenue increased 2.2%[1] year on year. Adjusted EBITDA was 66.7 billion yen, a decrease of 6.3% year on year, and adjusted EBITDA margin was 15.8%.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2020	2021		2020	2021	
Revenue	106.3	131.1	23.3%	424.9	423.2	-0.4%
Adjusted EBITDA	8.3	17.3	107.2%	71.2	66.7	-6.3%
Adjusted EBITDA margin	7.9%	13.3%	-	16.8%	15.8%	-
Revenue in million US dollars[1]	$974	$1,235	26.8%	$3,907	$3,993	2.2%

1 The US dollar based revenue reporting represents the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.
2 Indeed and Glassdoor product availability varies by country.

Media & Solutions

Revenue for Q4 FY2020 was 179.3 billion yen, a decrease of 7.0% year on year. Excluding revenue of 18.8 billion yen from the Rent Assistance Program, revenue for Q4 FY2020 decreased by 16.8% year on year. Revenue in Q4 FY2020 was negatively affected by the state of emergency in Tokyo and other prefectures from January 7, 2021 to March 21, 2021 and the increase in COVID-19 cases in Japan.

Adjusted EBITDA for Q4 FY2020 was 7.2 billion yen, a decrease of 78.8% year on year. Adjusted EBITDA margin was 4.1%. In addition to the decrease in revenue, the significant decrease in adjusted EBITDA and adjusted EBITDA margin was due to an increase in costs related to the reorganization of the Media & Solutions SBU on April 1, 2021, an increase in allowance for doubtful accounts in Q4 FY2020 due to negative impacts of COVID-19, as well as strategic and proactive marketing investments in anticipation of future growth in FY2021 and beyond in both Marketing Solutions and HR Solutions.

For FY2020, revenue was 672.0 billion yen, a decrease of 11.1% year on year, and revenue excluding the Rent Assistance Program was 592.9 billion yen, a decrease of 21.6% year on year. Adjusted EBITDA was 106.7 billion yen, a decrease of 41.6% year on year, and adjusted EBITDA margin was 15.9%.

(In billions of yen)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% change	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	% change
Revenue						
Marketing Solutions	113.0	121.0	7.1%	438.5	456.0	4.0%
HR Solutions	79.1	58.2	-26.5%	314.1	214.0	-31.9%
Eliminations and Adjustments	0.6	0.0	-89.4%	3.1	1.9	-39.0%
Total	192.8	179.3	-7.0%	755.9	672.0	-11.1%
Adjusted EBITDA						
Marketing Solutions	18.6	12.7	-31.3%	115.9	96.4	-16.9%
HR Solutions	18.8	4.6	-75.2%	83.4	36.8	-55.9%
Eliminations and Adjustments	(3.1)	(10.1)	-	(16.5)	(26.4)	-
Total	34.2	7.2	-78.8%	182.9	106.7	-41.6%
Adjusted EBITDA margin						
Marketing Solutions	16.5%	10.6%	-	26.4%	21.1%	-
HR Solutions	23.7%	8.0%	-	26.6%	17.2%	-
Media & Solutions	17.8%	4.1%	-	24.2%	15.9%	-

Revenue in Media & Solutions and in Marketing Solutions for the three months and twelve months ended March 31, 2021 includes 18.8 billion yen and 79.0 billion yen respectively from the Rent Assistance Program.

Marketing Solutions

Revenue in Marketing Solutions for Q4 FY2020 was 121.0 billion yen, an increase of 7.1% year on year. Revenue excluding the Rent Assistance Program was 102.1 billion yen, a decrease of 9.7% year on year and lower compared to Q3 FY2020, mainly due to the state of emergency in Tokyo and other prefectures and the increase in COVID-19 cases.

Revenue in Housing & Real Estate increased 7.2%, due to continued stable advertising demand for newly built and existing homes, as well as rental properties.

In Beauty, revenue increased 10.6% year on year, mainly due to an increase in new business clients. The number of online reservations during Q4 FY2020 on Hot Pepper Beauty was 30.94 million, an increase of 9.0% year on year. For FY2020, the number of online reservations on Hot Pepper Beauty was 112.85 million, a decrease of 1.5% year on year.

In Bridal, a continued lack of demand for wedding ceremonies and a decrease in business clients' advertising resulted in a decrease in Q4 FY2020 revenue of 38.2% year on year.

In Travel, revenue in Q4 FY2020 decreased 29.1% year on year as a result of a significant decrease in both the number of hotel guests booked and prices per night due to the state of emergency in Japan from January to March and the increase in the number of COVID-19 cases.

In Dining, in addition to the reduced demand for dining out, and the reduced number of tables per establishment, the limited opening hours required by the state of emergency severely affected business clients. As a result, advertising demand declined resulting in a 61.3% decrease in revenue year on year in Q4 FY2020. The number of seats reserved online on Hot Pepper Gourmet was lower compared to Q4 FY2019 with 14.16 million seats reserved online during Q4 FY2020, a decrease of 29.0% year on year. For FY2020 the cumulative number of seats reserved online was 65.51 million, a decrease of 29.5% year on year.

The number of AirPAY accounts, a SaaS solution for accepting cashless payments, continued to grow steadily, as individual users' preference for contactless payments continued to grow in response to the spread of COVID-19. The number of AirPAY accounts was approximately 210,000, an increase of 41.7% year on year, at the end of March 2021. Of the AirPAY registered accounts[1] as of March 31, 2021, approximately 135,000 accounts also subscribed to other Air BusinessTools solutions. The number of paid users for Study Sapuri, an online learning platform for students and adults, was 1.57 million as of March 31, 2021, up 97.4% year on year. This growth was driven by the continued promotion of Information and Communications Technology (ICT) utilization in schools and continued demand for online education services during the pandemic in Japan. Revenue from these services, other miscellaneous services, and revenue of 18.8 billion yen from the Rent Assistance Program are included in Others.

Adjusted EBITDA in Marketing Solutions was 12.7 billion yen, a decrease of 31.3% year on year. In addition to a decrease in revenue excluding the Rent Assistance Program, Marketing Solutions proactively invested in marketing in an attempt to capture the potential growth opportunity in FY2021 and beyond, resulting in an adjusted EBITDA margin of 10.6%.

For FY2020, revenue was 456.0 billion yen, an increase of 4.0% year on year, and revenue excluding the Rent Assistance Program was 376.9 billion yen, a decrease of 14.0% year on year. Adjusted EBITDA was 96.4 billion yen, a decrease of 16.9% year on year, and adjusted EBITDA margin was 21.1%.

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

(In billions of yen)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
Marketing Solutions	2020	2021		2020	2021	
Revenue						
Housing & Real Estate	30.6	32.8	7.2%	113.3	116.9	3.2%
Beauty	21.1	23.4	10.6%	81.6	82.9	1.6%
Bridal	12.2	7.5	-38.2%	52.0	29.9	-42.4%
Travel	16.8	11.9	-29.1%	73.4	53.8	-26.6%
Dining	9.8	3.8	-61.3%	39.2	14.1	-64.0%
Others	22.3	41.4	85.5%	78.9	158.1	100.4%
Total	113.0	121.0	7.1%	438.5	456.0	4.0%
Adjusted EBITDA	18.6	12.7	-31.3%	115.9	96.4	-16.9%
Adjusted EBITDA margin	16.5%	10.6%	-	26.4%	21.1%	-

Revenue in Marketing Solutions and in Others for the three months and twelve months ended March 31, 2021 includes 18.8 billion yen and 79.0 billion yen respectively from the Rent Assistance Program.

HR Solutions

Revenue in HR Solutions for Q4 FY2020 was 58.2 billion yen, a decrease of 26.5% year on year, however both revenue and year on year revenue decline improved compared to Q3 FY2020.

In the part-time job advertising business operated in HR Solutions, revenue declined year on year, particularly impacted by the lack of hiring demand in the restaurant industry due to reduced opening hours of restaurants in response to the state of emergency. As a result, revenue in the job advertising business for Q4 declined year on year.

The placement service operates on a pay-per-hire model in which revenue is recorded at the time a candidate is hired by a business client. Despite continued increasing hiring demand from business clients, which had dropped to a low in Q1 FY2020, the number of orders remained below prior year levels. As a result, revenue from the placement service in Q4 FY2020 declined year on year.

Adjusted EBITDA in HR Solutions was 4.6 billion yen, a decrease of 75.2% year on year primarily due to significantly lower revenue, and adjusted EBITDA margin was 8.0%. HR Solutions proactively invested in marketing in an attempt to capture the potential growth opportunity in FY2021 and beyond.

For FY2020, revenue was 214.0 billion yen, a decrease of 31.9% year on year, adjusted EBITDA was 36.8 billion yen, a decrease of 55.9% year on year, and adjusted EBITDA margin was 17.2%.

(In billions of yen)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
HR Solutions	2020	2021		2020	2021	
Revenue						
Recruiting in Japan	70.0	50.3	-28.1%	277.8	186.5	-32.9%
Others	9.1	7.8	-13.7%	36.2	27.4	-24.3%
Total	79.1	58.2	-26.5%	314.1	214.0	-31.9%
Adjusted EBITDA	18.8	4.6	-75.2%	83.4	36.8	-55.9%
Adjusted EBITDA margin	23.7%	8.0%	-	26.6%	17.2%	-

Staffing

Revenue for Q4 FY2020 was 309.3 billion yen, an increase of 3.9% year on year. Excluding the positive impact of foreign exchange rate movements of 8.4 billion yen, revenue increased 1.1% year on year. Revenue for FY2020 was 1,198.8 billion yen, a decrease of 4.0% year on year. Excluding the positive impact of foreign exchange rate movements of 7.1 billion yen, revenue decreased 4.5% year on year.

For Japan operations, the number of temporary staff in Q4 decreased year on year due to persistently lower demand for new orders amid continued economic uncertainty. These factors were partially offset by an increase in billing prices following the implementation of the “equal pay for equal work” regulations from April 1, 2020 and an additional two business days in the fourth quarter compared to the previous year. Revenue for Q4 FY2020 was 142.5 billion yen, a decrease of 0.8% year on year, and revenue for FY2020 was 569.9 billion yen, an increase of 0.4% year on year.

For Overseas operations, despite continued restrictions on some business clients' operations in order to mitigate the spread of COVID-19, revenue showed a continuous recovery trend in Q4, supported by logistics roles to support e-commerce and healthcare roles

to support COVID-19 mitigation efforts. As a result of these conditions, as well as the positive impact of foreign exchange rate movements, revenue for Q4 FY2020 was 166.8 billion yen, an increase of 8.3% year on year. Excluding the positive impact of foreign exchange rate movements of 8.4 billion yen, revenue in Overseas operations increased 2.9% year on year. Revenue for FY2020 was 628.8 billion yen, a decrease of 7.6% year on year. Excluding the positive impact of foreign exchange rate movements of 7.1 billion yen, revenue decreased 8.6% year on year.

Adjusted EBITDA for Q4 FY2020 was 9.0 billion yen, a decrease of 44.2% year on year, and adjusted EBITDA margin was 2.9%. Adjusted EBITDA for FY2020 was 76.2 billion yen, a decrease of 6.2% year on year, and adjusted EBITDA margin was 6.4%.

Adjusted EBITDA for Japan operations for Q4 FY2020 was 3.7 billion yen, a decrease of 63.0% year on year, mainly due to increased advertising expenses to attract temporary staff and business clients, and investments to improve remote work capabilities in FY2021 and beyond. Adjusted EBITDA margin was 2.7% in Q4 FY2020. Adjusted EBITDA for FY2020 was 48.7 billion yen, an increase of 3.4% year on year, and adjusted EBITDA margin was 8.6%.

Adjusted EBITDA for Overseas operations for Q4 FY2020 was 5.2 billion yen, a decrease of 12.0% year on year, mainly due to investments in personnel in anticipation of growth in FY2021 and beyond. Adjusted EBITDA margin was 3.1%. Adjusted EBITDA for FY2020 was 27.4 billion yen, a decrease of 19.6% year on year, and adjusted EBITDA margin was 4.4%.

	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
(In billions of yen)	2020	2021		2020	2021	
Revenue						
Japan	143.6	142.5	-0.8%	567.8	569.9	0.4%
Overseas	154.0	166.8	8.3%	680.3	628.8	-7.6%
Total	297.7	309.3	3.9%	1,248.1	1,198.8	-4.0%
Adjusted EBITDA						
Japan	10.2	3.7	-63.0%	47.1	48.7	3.4%
Overseas	5.9	5.2	-12.0%	34.1	27.4	-19.6%
Total	16.2	9.0	-44.2%	81.2	76.2	-6.2%
Adjusted EBITDA margin						
Japan	7.1%	2.7%	-	8.3%	8.6%	-
Overseas	3.9%	3.1%	-	5.0%	4.4%	-
Staffing	5.4%	2.9%	-	6.5%	6.4%	-

Staffing Revenue by Region for FY2020[1] is as follows.

(In billions of yen)	Japan	North America	Europe	Australia
Revenue	569.9	167.4	321.8	139.5

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

The Outstanding Amount of Goodwill for each SBU as of March 31, 2021

(In billions of yen)

		Outstanding Goodwill
HR Technology		201.5
Media & Solutions		-
	Japan	-
	Overseas	-
Staffing		197.7
	Japan	27.5
	North America	14.1
	Europe	149.0
	Australia	7.0
Total		399.3

Management Actions for Q4 FY2020

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

Amidst the spread of COVID-19, the Company has continued to prioritize the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, business clients, and business partners, and operates its businesses while implementing measures to help prevent the spread of COVID-19. In addition, each SBU has leveraged new and existing tools to continue to support all of their stakeholders facing new and unique challenges during this period. Please find more information regarding the Company's response to COVID-19 on the website below:

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

Completion of share repurchase program

The Company completed its share repurchase program on February 26, 2021 which had been announced on November 30, 2020. The share repurchases were conducted in line with the Company's capital allocation policy and upon consideration of a range of factors including the Company's capacity to pursue investments, the capital market environment, and the outlook for its financial position. The total number of shares repurchased as of February 26, 2021, was 15,157,100 shares and the total purchase price was 68,576,962,887 yen.

For related information, please refer to the following release:

"Notification of Results and Completion of Share Repurchases" released on March 1, 2021:
https://recruit-holdings.com/ir/ir_news/2021/20210301_01.html

Capital Resources and Liquidity
Basic Policy

The Company's basic policy is to obtain funds from global financial markets through debt as necessary, while maintaining appropriate credit ratings and strong consolidated financial position, in order to secure liquidity required for smooth operations and to invest flexibly for its long-term business strategy that will lead to increasing its enterprise value.

The Company aims to maintain a sufficient level of shareholders' equity while achieving appropriate capital efficiency, in order to respond flexibly to investment opportunities for future growth while at the same time enhancing its ability to address possible risks relating to its business operations and assets.

Use of Capital

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

Fundraising

The Company's primary source of liquidity for working capital and investments are cash flows from operating activities. However, the Company

may consider and execute external financing when various conditions are deemed favorable, such as demand for funds, interest rate trends, repayment amount, redemption period of existing interest-bearing debt, amount to be raised, and financing structure.

For short-term working capital, the Company primarily utilizes borrowings from financial institutions and/or commercial paper. For mid- to long-term needs, the Company will raise funds mainly through borrowings from financial institutions and/or the corporate bond market. To maintain flexible financing capabilities, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which is unused as of March 31, 2021.

Additionally, the Company has entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital funds efficiently. The maximum amount of borrowings under these overdraft agreements is 113.0 billion yen as of March 31, 2021, and the entire amount remains unused. In addition, the Company entered into a committed credit facility agreement providing for a total commitment amount of 399.9 billion yen on April 30, 2020. The entire amount available under these credit facilities remains unused as of March 31, 2021.Reviewing the Company's liquidity situation and other factors after the conclusion of the above-mentioned committed credit facility agreement, the Company terminated it as of March 31, 2021 and entered a new agreement providing for a commitment amount of 200.0 billion yen effective as of April 1, 2021. The Company maintains these overdraft agreements and credit facilities to ensure sufficient liquidity in the event of significant changes in the business environment.

The table below sets forth a breakdown of the book value of interest-bearing debt by payment due period as of March 31, 2021. Each amount shown is the required cash outflow by payment due period excluding discounts and including interest payments.

(In millions of yen)		Payment due period		
	Book value	1 year or less	Over 1 year through 5 years	Over 5 years
Bonds	49,955	30,071	20,088	-
Borrowings	62,825	24,946	37,216	1,222
Total	112,780	55,017	57,304	1,222

Credit Ratings
The Company has long-term credit ratings of AA- from Rating and Investment Information, Inc. (R&I), A3 from Moody's Japan, and A from S&P Global Rating Japan as of March 31, 2021.

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

The Company maintains internal liquidity of cash and cash equivalents by consolidating the cash management operations of all currencies to the Holding Company and its subsidiaries, which provide internal treasury management services. The Company seeks to maintain a sufficient cash position to maintain financial stability through potential changes in the economic environment including financial crises, and to create flexibility for investment opportunities that enable future growth. The amount of cash and cash equivalents is 501.0 billion yen and the amount of net cash[1] is 388.2 billion yen as of March 31, 2021.

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

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

Analysis of Consolidated Financial Position

As of the end of Q4 FY2020, cash and cash equivalents and interest-bearing debt which includes bonds and borrowings, excluding lease liabilities, on a consolidated basis were 501.0 billion yen and 112.7 billion yen, respectively. Net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents, was 388.2 billion yen, an increase of 103.7 billion yen compared to the end of FY2019.

Total current assets as of March 31, 2021 increased by 97.5 billion yen (11.8%) from the end of FY2019. This was mainly due to an increase in cash and cash equivalents. Total non-current assets increased by 100.1 billion yen (8.6%) from the end of FY2019. This was due to an increase in investment securities of 61.2 billion yen through increases in market values and the additional acquisition of investment securities and an increase in right-of-use-assets of 25.4 billion yen mainly due to renewals of office lease contracts.

Total liabilities as of March 31, 2021 increased 92.1 billion yen (9.2%) from the end of FY2019. This was mainly due to an increase in lease and operating liabilities, which were 33.2 billion yen and 24.8 billion yen, respectively.

Total equity attributable to owners of the parent increased 103.1 billion yen (10.4%) from the end of FY2019. This was mainly due to an increase in profit for the year and other comprehensive income of 208.6 billion yen, despite a decrease in equity through the purchase of 68.5 billion yen of treasury stock from December 7, 2020 to February 26, 2021, and a decrease in retained earnings with 40.3 billion yen of dividend payments.

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of March 31, 2021, and the entire amount remained unused. In addition, committed credit facilities with a total maximum borrowing amount of 200.0 billion yen, for which the Company entered into an agreement on March 31, 2021, remained unused as of May 17, 2021.

Also, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which was unissued as of March 31, 2021.

(In billions of yen)	As of March 31, 2020	As of March 31, 2021	Variance	% Change
Assets				
Total current assets	829.9	927.5	97.5	11.8%
Total non-current assets	1,168.9	1,269.0	100.1	8.6%
Total assets	1,998.9	2,196.6	197.6	9.9%
Liabilities				
Total current liabilities	511.7	603.1	91.4	17.9%
Total non-current liabilities	491.4	492.1	0.7	0.1%
Total liabilities	1,003.1	1,095.3	92.1	9.2%
Equity				
Total equity attributable to owners of the parent	988.4	1,091.5	103.1	10.4%
Non-controlling interests	7.2	9.7	2.4	33.2%
Total equity	995.7	1,101.2	105.5	10.6%

Analysis of Consolidated Cash Flows

Cash and cash equivalents as of March 31, 2021 were 501.0 billion yen, an increase of 79.7 billion yen from the end of FY2019, since cash inflows from operating activities exceeded cash outflows of investing and financing activities.

Net cash provided by operating activities was 286.5 billion yen, a decrease of 16.7 billion yen year on year. This was primarily due to a decrease in profit before tax of 57.6 billion yen for FY2020, although payment costs for FY2020 decreased due to a decrease in profits in FY2019.

Net cash used in investing activities was 40.3 billion yen, a decrease of 48.6 billion yen year on year. This was primarily attributable to payments for the purchase of intangible assets such as software.

Net cash used in financing activities was 172.7 billion yen, a decrease of 20.0 billion yen year on year, despite payments for the purchase of treasury stock.

(In billions of yen)	FY2019	FY2020	Variance
Net cash flows from operating activities	303.3	286.5	(16.7)
Net cash flows from investing activities	(88.9)	(40.3)	48.6
Net cash flows from financing activities	(192.7)	(172.7)	20.0
Effect of exchange rate changes on cash and cash equivalents	(3.2)	6.2	9.5
Net increase (decrease) in cash and cash equivalents	18.3	79.7	61.4
Cash and cash equivalents at the beginning of the period	402.9	421.2	18.3
Cash and cash equivalents at the end of the period	421.2	501.0	79.7

2. Consolidated Financial Guidance for FY2021

Although the vaccination rollout has progressed and some industries and countries, including the US, are experiencing recent strength in hiring demand and increased consumer spending, the spread of new COVID-19 variants continues. As a result the Company expects the global economy's recovery and stabilization will be gradual.

In Japan, the outlook for the timing and speed of the economic recovery continues to be uncertain due to the reimplementation of a state of emergency and the slow rollout of vaccines compared to the US and Europe.

In addition, the Company's business environment continues to evolve rapidly, making forecasting difficult, as restrictions in some countries have variously been relaxed and reintroduced. Therefore the Company's outlook remains cautious and FY2021 guidance is based on the assumption that long-term stagnation of economic activities caused by new large scale lockdowns and states of emergency will not occur during FY2021.

FY2021 Consolidated Financial Guidance:

- Revenue and adjusted EBITDA for HR Technology and Staffing are expected to increase year on year. Revenue for Media & Solutions, compared to the revenue of FY2020 excluding the Rent Assistance Program, is expected to increase year on year.
- Consolidated adjusted EBITDA for FY2021 is expected to be in the range of 270.0 billion yen to 335.0 billion yen.
- Adjusted EPS for FY2021 is expected to be in the range of 95.51 yen to 126.10 yen.

Assumptions of the foreign exchange rates for the consolidated financial guidance for FY2021 are as follows: 108 yen per US dollar, 130 yen per Euro, 84 yen per Australian dollar. The Rent Assistance Program, from which the Company recorded 79.0 billion yen of revenue, was completed in FY2020, and therefore there will be no financial impact from the program in FY2021.

(In billions of yen, unless otherwise stated)	FY2020 Actual	FY2021 Guidance	Year on year % change
Revenue	2,269.3	2,450.0 - 2,600.0	8.0% - 14.6%
Adjusted EBITDA	241.6	270.0 - 335.0	11.7% - 38.6%
Operating income	162.8	180.0 - 245.0	10.5% - 50.5%
Profit before tax	168.5	185.0 - 250.0	9.8% - 48.4%
Profit for the period	131.6	140.0 - 190.0	6.3% - 44.3%
Profit attributable to owners of the parent	131.3	140.0 - 190.0	6.6% - 44.6%
Adjusted EPS (yen)	82.56	95.51 - 126.10	15.7% - 52.7%

SBU Financial Guidance:

- HR Technology's revenue, on a US dollar basis, for FY2021 is expected to be in the range of an increase of approximately 40% to 50% year on year. While the increased competition for talent in the US is continuing in the first quarter of FY2021, HR Technology expects the imbalance between dampened job seeker activity and elevated hiring demand in the US will ease during the first half and return to normal thereafter. Adjusted EBITDA margin for the first quarter is expected to be the highest on a quarterly basis to date. However, adjusted EBITDA margin for FY2021 for HR Technology is expected to be approximately 20%. Aligned with its long-term strategy, HR Technology plans to invest in sales and marketing activities to acquire new users and clients, and in product enhancements to increase user and client engagement.

- In Media & Solutions, revenue for Marketing Solutions is expected to be in the range of a decrease of approximately 3% to an increase of 9% year on year to revenue excluding the Rent Assistance Program.

  For FY2021, Housing & Real Estate and Beauty are expected to continue stable performance, while the expected timing of revenue recovery in Travel and Dining is uncertain due to negative impacts of the repeated states of emergency in Japan. The challenging business environment is expected to continue for Bridal.

  Revenue for HR Solutions is expected to be in the range of an increase of approximately 13% to 24% year on year. Although the uncertain business environment has been continuing, the part-time job advertisement business is expected to recover from the mid to late of the fiscal year as hiring demand in the dining industry which has been negatively impacted by the state of emergency in Japan during Q1 recovers. The placement service also is expected to recover gradually.

  Adjusted EBITDA margin for FY2021 for Media & Solutions is expected to be similar to that in FY2020. Media & Solutions expects to proactively invest in marketing and product developments along its long term business strategy while expecting to control operating expenses when the business environment deteriorates or delays recovery.

- In Staffing, revenue for Japan operations for FY2021 is expected to be flat year on year although there is an uncertainty in demand for new orders, and revenue for Overseas operations for FY2021 is expected to increase approximately 5% to 10% year on year. Adjusted EBITDA margin for Staffing is expected to be the same level as FY2020 by pursuing efficient business operations.

3. Basic Policy on Profit Distribution and Dividends

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders in the form of dividends to be an important part of its capital allocation strategy. The Company strives to continuously pay stable dividends considering its long-term cash needs and financial position forecast.

The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

Total annual dividend for FY2020 is 20.0 yen per share, which consists of an interim dividend of 9.5 yen per share and a year-end dividend of 10.5 yen per share, based on consolidated dividend payout ratio which had been set at approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses.

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

Beginning with FY2021 the Company aims to continue to pay stable dividends. The annual dividend for FY2021 is undecided.

Resolution date at the Board of Directors meetings	Total annual dividend for FY2020 (In millions of yen)	Total annual dividend per share for FY2020 (yen)
November 16, 2020	15,681	9.5
May 17, 2021	17,173	10.5

4. Overview of the Company

The Company started in 1960 as a business providing job information to students by placing job advertisements for its clients in university newspapers in Japan. Since then, the Company has consistently created and operated matching platform businesses connecting individual users and business clients.

Currently, the Company provides individual users around the world the best possible choices and supports business clients in improving their operational efficiency by utilizing technology and data, all enabling simpler and faster matching.

In the course of connecting individual users and business clients, the Company positions data security and privacy, including the protection of individual users' privacy, as a key foundation for its corporate activities, and has established appropriate structures and measures to support that position.

The Company operates its businesses through each of its three Strategic Business Units ("SBU"s): HR Technology, Media & Solutions and Staffing and has established respective SBU Headquarters in order to further reinforce global, swift decision making. This organizational structure enhances the management capabilities of each SBU Headquarters and enables each SBU Headquarters to execute its own strategy. The SBU structure also enables the Company to focus on and strengthen its holding company functions, including strategic planning and execution as well as group governance and monitoring. Through these positive aspects of the SBU structure, the Company aims to increase its enterprise value.

As of March 31, 2021, the Company had 351 subsidiaries and 8 associates.

Business Overview by Segment

HR Technology

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

Indeed created the job aggregation and search model that transformed the job search process for job seekers, and in doing so has become the leading job search engine in the world[1], attracting over 200 million unique visitors per month[2]. Glassdoor has reshaped the way people search for and evaluate jobs and companies, by increasing workplace transparency for job seekers by bringing together jobs with user-generated employer reviews, salaries and insights. As a result, Glassdoor has become the recognized leader in company reviews and insights attracting over 50 million unique visitors per month[2].

Indeed and Glassdoor offer a suite of tools for job seekers that includes job search, resume posting, company information and reviews, and scheduling and conducting video interviews. For employers, Indeed and Glassdoor offer solutions to recruit and hire qualified talent in an easier and more efficient way. Employers can post and advertise jobs and build their company's employment brand across both platforms, reaching a broad and diverse job seeker audience. Together, they provide an efficient source of candidates through a pay-per-performance job advertising pricing model and provide a range of products for employers to source and screen candidates including from a database of millions of resumes, while providing a platform to directly connect with candidates through video interviewing.

[1]Source: comScore Total Visits, March 2020

[2]Source: Internal data based on Google Analytics, quarter ending March 31 2021

Media & Solutions

Media & Solutions consists of two businesses mainly in Japan, Marketing Solutions and HR Solutions. Marketing Solutions provides solutions which support business clients' operations such as customer acquisition, customer relationship management, and payments in a variety of industries, such as Housing & Real Estate, Beauty, Bridal, Travel, Dining, and others. HR Solutions helps individual users find jobs and helps business clients' hiring activities across a variety of industries. Both Marketing Solutions and HR Solutions offer matching platforms which connect individual users and business clients, and cloud-based Software as a Service ("SaaS") solutions that utilize technology and data to improve the efficiency of the day-to-day management and operations of clients' businesses. These SaaS solutions include vertical SaaS solutions which are tailored to the unique requirements of each industry, and horizontal SaaS solutions which are applicable to business clients across a variety of industries.

Media & Solutions respects the privacy of individual users and complies with data utilization in accordance with our "Personal Data Policy," while providing optimal choices through online platforms and print media that individual users can trust and use with peace of mind.

Marketing Solutions

The matching platforms for each industry include: SUUMO for Housing & Real Estate, Hot Pepper Beauty for Beauty, Zexy for Bridal, Jalan for Travel, Hot Pepper Gourmet for Dining, and others. The matching platforms generate revenue primarily from advertising while Travel and other services generate revenue from transactions.

Along with online matching platforms, Marketing Solutions provides industry specialized vertical SaaS solutions; an online property inventory management system in Housing & Real Estate, a cloud-based reservation and CRM system in both Beauty (SALON BOARD) and Dining (RESTAURANT BOARD), and an online booking system and online payment service in Travel. Other services include, Carsensor, which provides a used car purchasing solution and Study Sapuri, which is an online learning service for students and working adults.

Marketing Solutions aims to improve clients' business performance and efficiency of business operations by providing SaaS solutions not only with industry specific vertical SaaS solutions, but also with horizontal SaaS solutions such as Air BusinessTools, which aim to solve common operational issues across an expanding variety of businesses. For example, AirPAY is a cloud-based payment service which enables the use of credit cards, electronic money, and QR codes at stores in a variety of business areas and environments, meeting the growing demand for cashless payment solutions. In addition, AirREGI, a point of sale (POS) system which provides inventory management and sales analysis and integrates with accounting software and reservation management systems, easily solves business clients' accounting and payment needs. Other SaaS solutions include AirRESERVE, which allows for centralized management of reservations, including those made by phone, online, or in person and AirWAIT, a reception management system, which simplifies reservation and reception operations. SaaS Solutions generate revenue primarily from subscription and transaction fees.

HR Solutions

HR Solutions supports business clients' recruiting and hiring activities and individual users' job search activities through its job advertising services and placement services. The services include online matching platforms (Rikunabi for new graduates, Rikunabi NEXT for professionals, and TOWNWORK for part-time job seekers), print media for part-time job seekers, via TOWNWORK, and the placement service, Recruit Agent.

HR Solutions provides cloud-based horizontal SaaS solutions such as AirSHIFT, a worker shift management system, JobOpLite, a centralized application management system, and Job Quicker, a recruiting system for short-term part-time workers.

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

Staffing

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

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

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

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

Main Companies, Brands and Services for Each Reportable Segment

(As of March 31, 2021)

SEGMENT / SBU HEADQUARTERS	OPERATION	
HR Technology / RGF OHR USA, Inc.	Global job search platform offering advertising services and recruiting solutions	
	SUBSIDIARIES	BRANDS AND SERVICES
	Indeed, Inc. Glassdoor, Inc.	**Indeed** Online job platform and company information site **Glassdoor** Online job platform and company information site

SEGMENT / SBU HEADQUARTERS	OPERATION	
Media & Solutions / Recruit Co., Ltd.	**Marketing Solutions**	
	BUSINESS DESCRIPTION	BRANDS AND SERVICES
	Provides matching platforms in a variety of industries, such as Housing & Real Estate, Beauty, Bridal, Travel, Dining and others, to connect individual users and business clients. Offers cloud-based SaaS solutions to improve business clients' efficiency of operations.	**SUUMO** Online platform, print media, and in-person consultation service for housing and real estate **Hot Pepper Beauty** Online platform and print media for beauty treatment
	SUBSIDIARIES[1]	**Zexy** Magazine, online platform and in-person consultation service for wedding planning
	Recruit Sumai Company Ltd. Recruit Marketing Partners Co., Ltd. Recruit Lifestyle Co., Ltd.	**Jalan** Online platform and print media for travel in Japan **Hot Pepper Gourmet** Online platform and print media for dining **Car Sensor** Online platform and print media for pre-owned automobiles **Study Sapuri / Study Sapuri Shinro** Online learning support platform for students and adults / Online platform and print media to provide higher education and career information for high school students **Air BusinessTools** Cloud-based operational and management support solutions for business clients across an expanding variety of businesses

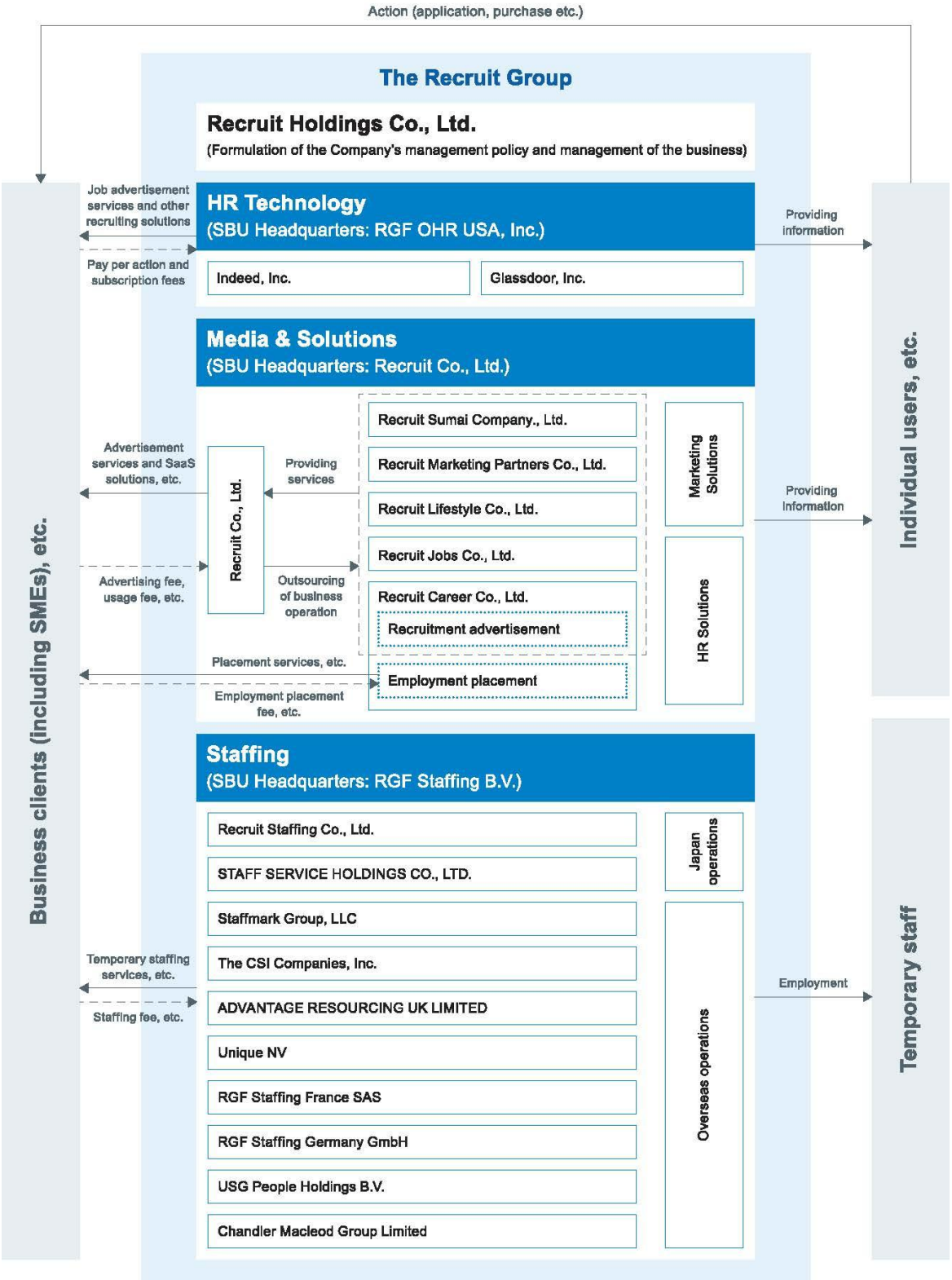
HR Solutions

BUSINESS DESCRIPTION	BRANDS AND SERVICES
A variety of HR services mainly in Japan through online platforms and print media for job seekers and business clients	**Rikunabi** Online matching platform for new graduates **Rikunabi NEXT** Online matching platform for professionals
SUBSIDIARIES	**RECRUIT AGENT** Employment placement service for professionals
Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	**TOWNWORK** Online matching platform and print media for part-time and full-time job seekers

SEGMENT / SBU HEADQUARTERS	OPERATION
Staffing / RGF Staffing B.V.	**Japan**
	BUSINESS DESCRIPTION
	Staffing services in Japan
	SUBSIDIARIES
	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.
	Overseas
	BUSINESS DESCRIPTION
	Staffing services mainly in North America, Europe, and Australia
	SUBSIDIARIES
	Staffmark Group, LLC The CSI Companies, Inc. ADVANTAGE RESOURCING UK LIMITED Unique NV RGF Staffing France SAS RGF Staffing Germany GmbH USG People Holdings B.V. Chandler Macleod Group Limited

Since Recruit Holdings falls under the category of Specified Listed Company under the insider trading regulations, the criteria for determining the insignificance of material facts relative to the size of the Company with respect to insider trading regulations are decided based on the figures on a consolidated basis.

Operational Chart



1 As of April 1, 2021, Recruit Co., Ltd ("Recruit"), Media & Solutions SBU Headquarters integrated the main core operating companies and functional companies into Recruit with the goal of further enhancing value added services and further contributing to society through the creation of new value.

5. Management Philosophy and Strategies

Management Philosophy

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

Basic Principle	We are focused on creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.
Vision	Follow Your Heart We envision a world where individuals and businesses can focus on what really matters. The more people are free to pursue their passions, the better our future becomes.
Mission	Opportunities for Life. Faster, Simpler and closer to you. Since our foundation, we have connected individuals and businesses offering both a multitude of choices. In this era of search where information has become available anytime anywhere, we need to focus more on proposing the optimal choice. We seek to provide “Opportunities for Life” much faster, surprisingly simpler and closer than ever before.

Values

Wow the World	Bet on Passion	Prioritize Social Value
What we do isn’t a job. We enjoy exploring what is possible for our future. We question the status quo, fail well and overcome with resilience. We are a force for change.	We are a team of people fueled by curiosity. We respect and capitalize on each other’s differences. We know that one person’s crazy idea, when backed by data and research, can become the best bet.	We, as global citizens, strive to contribute to a sustainable society through all of our corporate activities. Each one of us is committed to seeking out the needs of society and taking action for a better future.

The Company has developed a two-sided marketplace business model to align with its management philosophy. Through its platforms, the Company facilitates the best possible matches for the mutual benefit of both individual users and business clients. In recent years, technological advancement has enabled the Company to improve matching efficiency, providing better matching outcomes for individual users and improving operational efficiencies for business clients.

Target Management Key Performance Indicators (KPIs)

The Company aims to invest in new businesses, research and development, and mergers and acquisitions (M&A) in order to achieve profitable growth over the long-term, and maximize enterprise value as well as shareholder value. Therefore, the Company has set adjusted EBITDA[1] and adjusted EPS[2] as target management KPIs. Also, executive officers’ compensation is linked to target management KPIs, especially adjusted EBITDA, to align with shareholder interests.

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

Business Strategies

The Company strives to maximize enterprise value and shareholder value by responding to the rapidly transforming technology and internet landscape and by identifying business opportunities globally. Through HR Technology, HR Solutions in Media & Solutions and Staffing, the Company aims to dramatically improve matching between job seekers and employment opportunities within the HR Matching market. Also, through SaaS solutions provided by Media & Solutions, the Company strives to improve the business performance and productivity of clients' businesses.

In an environment of high uncertainty, the Company believes that making a positive impact on society and this shared planet is key to achieving sustainable growth, and prospering together with all stakeholders through all corporate activities with a sound governance foundation is important. Therefore, the Company has set specific targets for environmental, social and governance (ESG) matters as a corporate strategy which will be monitored by the Board of Directors, and will take initiatives through dialogue with stakeholders.

The Company's business strategies are as follows:

Simplify Hiring - ***Aim to dramatically improve matching, connecting people with jobs, faster and easier***

The Company's strategy in HR Matching is to dramatically improve the quality and speed of matching to simplify the hiring process in the vast global HR Matching market by utilizing technology and data. With the online job matching platforms in HR Technology and HR Solutions, including Indeed, Glassdoor, Townwork, and Rikunabi, as well as placement services in HR Solutions, along with the temp staffing services in Staffing, the Company operates in many HR Matching markets, and is in a unique position to innovate and transform traditional recruiting and hiring.

By operating one of the largest job search and company information platforms, the HR Technology SBU, with Indeed and Glassdoor, has created a global talent marketplace with a wide ranging and comprehensive job seeker audience and millions of employers, from small and medium sized businesses to large enterprises. The Company's job seeker and employer platforms provide data and signals that create a unique ability to make the best job recommendations possible and offer the best candidate pool possible, a capability that can transform not only job advertising and talent sourcing, but other HR Matching markets.

The Company's long term vision is to leverage the combination of years of candidate matching data with AI and machine learning technology to more quickly, effectively and fairly connect job seekers and employers at the push of a button[1]. We believe this idea is applicable to all of the HR Matching markets that we are addressing.

The Company estimates the global HR Matching market to be roughly 131 billion US dollars[2] in terms of annual revenue in 2020. The HR Matching market includes job advertising and talent sourcing tools, direct hire, retained search, and temporary staffing.

Job Advertising and Talent Sourcing: The global online job advertising and talent sourcing tools market, which is currently the main business of HR Technology, is estimated by the Company to have been roughly 16 billion US dollars[3] in terms of annual revenue in 2020. Although the size of the global online job advertising and talent sourcing tools market contracted in 2020 due to the impact of COVID-19, in the future, the Company expects the online job advertising and talent sourcing tools market to grow in the long term. The offline job advertising market, which the Company estimates was more than 3 billion US dollars[4] in terms of annual revenue in 2020, contracted due to COVID-19, and the Company expects the market to continue to flow into online channels. The Company focuses on long-term growth in this market by improving the efficiency of the job seeking and recruiting experience through online tools.

Placement and Search: In prior years the Company had identified the placement and search market as a component of the HR Matching market. This year the Company is segmenting this market into the direct hire and retained search markets as described below.

- **Direct Hire:** The direct hire market is estimated to have been roughly 26 billion US dollars[5] in terms of annual revenue globally in 2020. The company currently operates in this market through HR Solutions in Media & Solutions, and this market has been dominated by the traditional relationship-based business model. The Company aims to achieve long-term growth in this market by automating the sourcing, screening, interview scheduling, and the employer's candidate disposition processes via tools like the recently introduced Indeed Hiring Platform, building on the learnings and technology from Indeed Hire and Indeed Hiring Events. Through technology driven efficiency and cost reduction the Company aims to replace external resources currently in use by business clients.

  The Company also aims to achieve long-term growth using the same technology to automate the sourcing, screening, interview scheduling and the employer's candidate disposition processes that are currently accomplished by internal resources within companies and other employers. The Company defines this opportunity when combined with the direct hire market as the recruitment automation market. Recruitment automation is in the early stages of development and as such the Company believes it is not yet practical to quantify the size of the market at this time.

- **Retained Search:** The retained search market is estimated to have been roughly 19 billion US dollars[5] in terms of annual revenue globally in 2020. The Company currently operates in this market primarily through HR Solutions in Media & Solutions, and similar to the direct hire market, this market has been dominated by the traditional relationship-based business model. The Company aims to grow its business in this market by providing services through Indeed Hire, which aims to offer highly efficient solutions at lower prices compared to the industry average, using technology and automation to differentiate its solutions from competing

services.

Temporary Staffing: The temporary staffing market is estimated to be roughly 371 billion US dollars[5] in annual revenue globally in 2020, while the total gross profit for all staffing companies, which is calculated by subtracting the amount of salary for temporary staff and related costs from the total revenue, is estimated by the Company to have been roughly 67 billion US dollars[6] in 2020. The Company sees mid- to long-term opportunities to introduce technology-driven solutions that create efficiencies by automating human-driven processes involved in traditional temporary staffing services. The Company intends to explore the development of new and innovative solutions in temporary staffing to capture future opportunities by leveraging technology.

The Company believes the size of the global HR Matching market[7] decreased significantly in 2020 due to the impact of the COVID-19 pandemic as revenue in the HR Matching market tends to be highly correlated with overall economic growth as well as conditions in the labor market. However, the Company expects that the HR Matching market will resume growing in 2021 as the effects of the COVID-19 pandemic lessen. During these unprecedented times, the Company remains fully committed to supporting job seekers and employers through its resources and technology.

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1 The Company is aware there may be legal restrictions in this area and so will endeavor that the Company's work meets those requirements.
2 Sum of the estimated size of addressable markets for the job advertising & talent sourcing tools market, the direct hire market, and the retained search market in terms of annual revenue and addressable markets for the temporary staffing market in terms of annual gross profit, in each case based on the Company's estimates and third party market data as described in the notes below.
3 Sum of the revenue of HR Technology in 2020, the Company's estimates for revenue of competing job advertising boards in the Company's target operating markets in 2020 based on third party reports and internal research, and the Company's estimates for annual revenue of the talent solutions business of LinkedIn in the Company's target operating markets in 2020 based on publicly available information and internal research.
4 Amount derived based on the proportion of online to offline spending (excluding TV, cinema and radio advertising) in the overall advertising market in 2020 based on third party reports and the estimated size of global online job advertising and talent sourcing tools market, which the Company estimates was 16 billion US dollars in 2020 using the methodology described in note 3 above.
5 Amount derived by applying SIA's Base Case scenario for the year-on-year change of Global Staffing Revenue of -16% to 442 billion US dollars, which was SIA 2019 Global Temp Staffing Revenue; both metrics from SIA, Global Staffing Market Estimates and Forecast: November 2020 Update. Direct Hire Market is defined as a segment of Place & Search Market, which in turn is a segment of Global Staffing Industry Market. Both the Place & Search Market and the Direct Hire Market segments are derived by applying SIA's Global Staffing Industry Market figures to country-by-country ratios of the relative proportion attributable to these segments within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Place & Search Market not attributable to the Direct Hire Market and derived as the difference between these two segments.
6 Amount derived by applying a gross profit margin of 18.2%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2020 to 371 billion US dollars, which was the revenue of the temporary staffing market in 2020 as derived using SIA, Global Staffing Market Estimates and Forecast: November 2020 Update.
7 As described above, the estimates of the job advertising & talent sourcing tools market, the direct hire market, the retained search market, and the temporary staffing market are based on internal estimates and independent market research in addition to third party market data. Accordingly, the estimates described above may differ materially from the actual size of such markets.

Help Businesses Work Smarter - ***Aim to improve the performance and productivity of clients' businesses through SaaS solutions in Japan***

The Company aims to support further improvement of the performance and productivity of business clients in Japan by providing online platforms and SaaS solutions, which are operational and management support tools that utilize technology and data. By transforming the services Marketing and HR Solutions have been providing to business clients, the Company aims to further build an ecosystem that supports business operations such as customer acquisition, customer relationship management, hiring, workforce management, and payments.

Providing solutions empowered by data and technology to solve business clients' operational and productivity hurdles is essential and can best be identified and developed by engaging and supporting their daily operations. Media & Solutions develops and provides online platforms, specializing mainly in customer acquisition, in multiple business industries, as well as vertical SaaS solutions focusing on solving industry specific operational inefficiencies, and industry agnostic horizontal SaaS solutions designed to solve common operational challenges for businesses.

As of April 1, 2021, Media & Solutions integrated seven main core operating and functional subsidiaries. The new organizational structure enables engineers, data scientists, and the sales function, which has cultivated long term relationships with business clients, to collaborate in order to provide business clients the best possible solutions, all faster and simpler.

The Company has determined the number of registered SaaS solution accounts in Japan is the most important KPI as Media & Solutions aims to evolve the wide range of solutions offered into an integrated ecosystem to support the operations of our business clients. As of March 31, 2021, the total number of registered SaaS solution accounts exceeds the total number of matching platform accounts.

Regarding the potential number of registered accounts and outlook for growth, the Company estimates there may be roughly 2.9 million business locations and stores[8] in Japan at which Air BusinessTools can be used, which represents a sizable market opportunity. Recently, the number of accounts for AirPAY has significantly increased, supported by the growing demand for contactless payments due to the spread of COVID-19. AirPAY had approximately 210,000 registered accounts[9] as of March 2021, an increase of 41.7% compared to March 2020.

The number of clients who use AirPAY together with other Air BusinessTools solutions has also been increasing. Among the approximately 210,000 AirPAY registered accounts as of March 2021, approximately 135,000 registered accounts have also subscribed to other Air BusinessTools solutions. The Company believes the growth in AirPAY accounts will lead the overall growth of SaaS solutions accounts.

8 The Company estimated the number of business locations and stores that can use Air BusinessTools by first identifying the total number business locations and stores of small and medium-sized enterprises in Japan (using the definition used by the Small and Medium Enterprise Agency) based on the 2016 Economic Census for Business Activity conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry. The Company then estimated the number of these business locations and stores that could use Air BusinessTools by aggregating the number of all such business locations and stores operating in all industries in which there were 20 or more existing Air BusinessTools registered accounts (including non-active accounts) as of March 31, 2020. As the Company has estimated such business locations and stores based on data for 2016, it is possible that the estimated number of such business locations and stores would materially differ based on more recent data. In addition, while the estimated number of such business locations and stores that can use Air BusinessTools is based on the number of all business locations and stores in all industries in which there were 20 or more existing Air BusinessTools registered accounts, there can be no assurance that all such business locations and stores would in fact have a need for the solutions offered by Air BusinessTools.
9 Registered accounts refers to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts).

Prosper Together - ***Seek sustainable growth shared by all stakeholders***

The Company believes that making a positive impact on society and the global environment through our corporate activities, and thereby prospering together with all stakeholders, is key to achieving sustainable growth. Therefore, the Company has set targets for environmental, social and governance ("ESG") matters as a corporate strategy.

As an environmental goal, in order to address climate change, the Company's target is to achieve carbon neutrality in greenhouse gas ("GHG") emissions by FY2021 through its business activities, and to achieve carbon neutrality in GHG emissions by FY2030 through its business activities and its entire value chain[10].

Regarding social issues, the Company believes that having a job is one of the most important facets for many people, and therefore it is critical to make a positive impact on this throughout its business activities. The Company looks to contribute to eliminating poverty and economic vulnerability by reducing the time it takes job seekers to get hired. Specifically, the Company targets reducing the time it takes to get hired by half by FY2030 compared to FY2021[11].

There also exist barriers for job seekers in the labor market from underrepresented or vulnerable groups. These barriers are difficult to remove through improving matching efficiency alone. For this reason, the Company also targets helping approximately 30 million people facing such barriers to get hired from FY2021 through FY2030[12], by using technology and partnership to promote inclusive hiring, to eliminate such barriers.

From its foundation, the Company has created new services and products, and brought value to society by respecting each employees' diverse characteristics. The Company has positioned value creation produced by its empowered employees as a renewed priority for management, and will take further actions toward diversity & inclusion. The Company will specifically accelerate its initiatives for gender diversity and is committed to achieve an approximately 50% ratio of women in senior executive roles, in managerial positions, and of total employees within the Company by FY2030[13].

For governance, the Company focuses further on enhancing diversity of members of the Board of Directors, to help raise the quality of decision-making and further ensure transparency and soundness in its governance structure. The Company aims to propose candidates for election to its Annual Meeting of Shareholders, to achieve an approximately 50% ratio of women out of the total number of Directors of the Board and Audit & Supervisory Board members by FY2030[14].

Please refer to the press release "Recruit Holdings Redefines Commitment to Sustainability" announced on May 17, 2021 for more details.

https://recruit-holdings.com/ir/ir_news/2021/20210517_03.html

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10 GHG emissions through business activities are the sum of direct emissions from the use of fuels in the owned or controlled sources ("Scope 1") and indirect emissions from the use of purchased electricity, heat, or steam in the owned or controlled sources ("Scope 2"). GHG emissions through the value chain are indirect emissions other than Scope 1 and Scope 2, occurring in the value chain. Carbon neutrality includes reducing the GHG emissions as well as offsetting residual emissions.
11 Average estimated duration it takes for people who get hired through Indeed online job-search platform after they started to apply to a job on the platform, calculated by available data.
12 Initiatives aim to support racial and ethnic minority groups, people without higher education, people facing barriers due to age bias, and people with disabilities. The Company may also aim to reduce other various barriers, including newly emerging issues in the labor market by FY2030. The initiative as of today includes help through the Indeed online job-search platform, and through partnerships such as Goodwill Industries International and Shaw Trust with whom Indeed collaborates.
13 Ratio of women as of April 1, 2021: 10.0% for senior executive roles, 41.5% for managerial positions, and 51.5% for employees. Senior executive roles are defined as Corporate Executive Officers and Corporate Professional Officers of Recruit Holdings and Media & Solutions Strategic Business Unit ("SBU"), and CEOs of the Company's major subsidiaries and heads of key functions in the HR Technology and Staffing SBU. Figures for managerial positions and employees are calculated from Recruit Holdings, SBU Headquarters, and primary operating companies of each SBU. Managerial positions mean all of those that have subordinates except for senior executive positions.
14 Members of the Board of Directors are defined as Directors of the Board and Audit & Supervisory Board members, and its ratio of women out of the total members is 20% as of May 17, 2021.

In support of the Company's strategies, each SBU's business strategies are as follows:

HR Technology aims to further grow sponsored job advertising and recruiting solutions revenue globally through Indeed and Glassdoor while the demand for an efficient job seeking experience and hiring process empowered by technology continues to rise.

While transforming its business to provide a wider array of services, Media & Solutions Marketing business aims for long-term revenue growth, by helping business clients attract individual users through online platforms in each industry with its established unique position in each market. Media & Solutions HR business aims to grow the number of business clients by promoting alliances with Indeed and through product development. For its SaaS solutions, Media & Solutions focuses on growing the number of business client accounts.

Staffing aims to achieve steady financial performance by providing job seekers with flexible working opportunities, and by offering employers a flexible workforce across a wide range of industries. Japan operations aim to maintain a stable adjusted EBITDA margin while overseas operations focus on continuous improvement of adjusted EBITDA margin.

Capital Allocation Policy

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

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

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

6. Basic Rationale for Selection of Accounting Standards

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

7. Consolidated Financial Statements and Primary Notes

Consolidated Statements of Financial Position

(In millions of yen)	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	421,253	501,043
Trade and other receivables	327,614	342,259
Other financial assets	40,119	39,043
Other assets	40,991	45,170
Total current assets	829,979	927,517
Non-current assets		
Property and equipment	92,200	81,290
Right-of-use assets	258,230	283,674
Goodwill	383,163	399,361
Intangible assets	216,388	206,793
Investments in associates and joint ventures	64,614	72,373
Other financial assets	120,656	183,016
Deferred tax assets	27,931	38,350
Other assets	5,752	4,235
Total non-current assets	1,168,938	1,269,096
Total assets	1,998,917	2,196,613

(In millions of yen)	As of March 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	219,021	243,905
Bonds and borrowings	24,551	54,673
Lease liabilities	31,459	36,415
Other financial liabilities	816	779
Income tax payables	16,850	20,662
Provisions	5,810	11,509
Other liabilities	213,223	235,224
Total current liabilities	511,733	603,172
Non-current liabilities		
Bonds and borrowings	112,148	58,106
Lease liabilities	240,254	268,574
Other financial liabilities	2,043	895
Provisions	9,489	11,331
Net liability for retirement benefits	53,459	57,039
Deferred tax liabilities	52,912	71,839
Other liabilities	21,132	24,365
Total non-current liabilities	491,440	492,152
Total liabilities	1,003,174	1,095,324
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	18,904	17,422
Retained earnings	1,067,492	1,201,573
Treasury stock	(113,244)	(180,148)
Other components of equity	(24,702)	12,723
Total equity attributable to owners of the parent	988,449	1,091,571
Non-controlling interests	7,293	9,717
Total equity	995,743	1,101,289
Total liabilities and equity	1,998,917	2,196,613

Consolidated Statements of Profit or Loss

(In millions of yen, unless otherwise stated)	For the Year Ended March 31, 2020	2021
Revenue	2,399,465	2,269,346
Cost of sales	1,106,249	1,123,653
Gross profit	1,293,215	1,145,693
Selling, general and administrative expenses	1,045,380	983,076
Other operating income	5,766	21,462
Other operating expenses	47,589	21,255
Operating income	206,011	162,823
Share of profit (loss) of associates and joint ventures	3,617	6,468
Gain (loss) on change in ownership interests in associates	12,326	257
Finance income	7,503	2,896
Finance costs	3,309	3,944
Profit before tax	226,149	168,502
Income tax expense	44,899	36,812
Profit for the year	181,249	131,690
Profit attributable to:		
Owners of the parent	179,880	131,393
Non-controlling interests	1,369	296
Profit for the year	181,249	131,690
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	108.27	79.83
Diluted earnings per share (yen)	108.07	79.70

Consolidated Statements of Comprehensive Income

(In millions of yen)	For the Year Ended March 31, 2020	2021
Profit for the year	181,249	131,690
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	(5,998)	43,955
Remeasurements of defined retirement benefit plans	537	(1,085)
Share of other comprehensive income of associates and joint ventures	(46)	347
Subtotal	(5,507)	43,217
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(22,407)	34,187
Effective portion of changes in fair value of cash flow hedges	(363)	(84)
Subtotal	(22,771)	34,103
Other comprehensive income (loss) for the year, net of tax	(28,278)	77,321
Comprehensive income for the year	152,970	209,011
Comprehensive income attributable to:		
Owners of the parent	151,649	208,633
Non-controlling interests	1,321	377
Total comprehensive income	152,970	209,011

RECRUIT

Consolidated Statements of Changes in Equity

For the Year Ended March 31, 2020

(In millions of yen)	Equity attributable to owners of the parent						
					Other components of equity		
	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of changes in fair value of cash flow hedges
Balance at April 1, 2019	10,000	49,136	942,449	(32,378)	4,132	(8,198)	635
Profit for the year			179,880				
Other comprehensive income						(22,359)	(363)
Comprehensive income for the year	-	-	179,880	-	-	(22,359)	(363)
Transfer from share premium to common stock	30,000	(30,000)					
Transfer from other components of equity to retained earnings			(5,507)				
Purchase of treasury stock		(227)		(81,119)			
Disposal of treasury stock		(2)		253	(246)		
Dividends			(49,269)				
Share-based payments					1,697		
Other		(1)	(58)				
Transactions with owners - total	30,000	(30,232)	(54,836)	(80,866)	1,451	-	-
Balance at March 31, 2020	40,000	18,904	1,067,492	(113,244)	5,584	(30,557)	271

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

For the Year Ended March 31, 2021

(In millions of yen)	Equity attributable to owners of the parent						
					Other components of equity		
	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of changes in fair value of cash flow hedges
Balance at April 1, 2020	40,000	18,904	1,067,492	(113,244)	5,584	(30,557)	271
Profit for the year			131,393				
Other comprehensive income						34,106	(84)
Comprehensive income for the year	—	—	131,393	—	—	34,106	(84)
Transfer from other components of equity to retained earnings			43,217				
Purchase of treasury stock		(132)		(70,504)			
Disposal of treasury stock		(1,226)		3,601	(2,224)		
Dividends			(40,394)				
Share-based payments					5,628		
Equity transactions with non-controlling interests							
Other		(123)	(135)				
Transactions with owners - total	—	(1,482)	2,687	(66,903)	3,403	—	—
Balance at March 31, 2021	40,000	17,422	1,201,573	(180,148)	8,987	3,548	187

	Equity attributable to owners of the parent					
	Other components of equity					
	Net change in financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined retirement benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2020	-	-	(24,702)	988,449	7,293	995,743
Profit for the year			-	131,393	296	131,690
Other comprehensive income	44,303	(1,085)	77,239	77,239	81	77,321
Comprehensive income for the year	44,303	(1,085)	77,239	208,633	377	209,011
Transfer from other components of equity to retained earnings	(44,303)	1,085	(43,217)	-		-
Purchase of treasury stock			-	(70,636)		(70,636)
Disposal of treasury stock			(2,224)	149		149
Dividends			-	(40,394)		(40,394)
Share-based payments			5,628	5,628		5,628
Equity transactions with non-controlling interests			-	-	2,025	2,025
Other			-	(258)	20	(237)
Transactions with owners - total	(44,303)	1,085	(39,813)	(105,511)	2,046	(103,465)
Balance at March 31, 2021	-	-	12,723	1,091,571	9,717	1,101,289

Consolidated Statements of Cash Flows

(In millions of yen)	For the Year Ended March 31, 2020	2021
Cash flows from operating activities		
Profit before tax	226,149	168,502
Depreciation and amortization	115,762	119,991
(Gain) loss on change in ownership interests in associates	(12,326)	(257)
(Increase) decrease in trade and other receivables	5,372	(2,527)
Increase (decrease) in trade and other payables	9,776	19,181
Other	23,305	20,961
Subtotal	368,039	325,851
Interest and dividends received	6,031	2,422
Interest paid	(3,304)	(3,558)
Income taxes paid	(67,440)	(38,117)
Net cash provided by operating activities	303,325	286,597
Cash flows from investing activities		
Payment for purchase of property and equipment	(34,657)	(14,015)
Proceeds from sale of property and equipment	2	20,209
Payment for purchase of intangible assets	(48,602)	(44,299)
Other	(5,734)	(2,267)
Net cash used in investing activities	(88,993)	(40,373)
Cash flows from financing activities		
Repayments of long-term borrowings	(24,957)	(24,957)
Repayments of lease liabilities	(39,096)	(40,849)
Payment for purchase of treasury stock	(81,346)	(70,667)
Dividends paid	(49,268)	(40,414)
Other	1,948	4,175
Net cash used in financing activities	(192,721)	(172,713)
Effect of exchange rate changes on cash and cash equivalents	(3,269)	6,280
Net increase (decrease) in cash and cash equivalents	18,342	79,790
Cash and cash equivalents at the beginning of the year	402,911	421,253
Cash and cash equivalents at the end of the year	421,253	501,043

Going Concern Assumption

Not applicable.

Notes to Consolidated Financial Statements

1. Operating Segments

(1) Overview of Reportable Segments

The Company's operating segments are those components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance. The Company has three operating segments by type of business, namely, HR Technology, Media & Solutions, and Staffing, which are also the reportable segments.

HR Technology consists of the operations of Indeed, Glassdoor and the other related businesses. Media & Solutions consists of two business operations, namely, Marketing Solutions and HR Solutions. Staffing consists of two business operations, which are Japan operations and Overseas operations.

(2) Information on Reportable Segments

Segment profit (loss) is adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses).

Eliminations and Adjustments related to segment profit (loss) include corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in similar transactions with third parties. Segment assets and liabilities are not stated as they are not subject to review for the purpose of deciding on the allocation of operating resources and assessing business performance.

For the Year Ended March 31, 2020

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

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

For the Year Ended March 31, 2021

(In millions of yen)	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	417,831	666,663	1,184,852	2,269,346	—	2,269,346
Intersegment revenue or transfers	5,454	5,349	13,996	24,800	(24,800)	-
Total	423,286	672,012	1,198,848	2,294,146	(24,800)	2,269,346
Segment profit (loss)	66,786	106,778	76,211	249,776	(8,117)	241,658
Depreciation and amortization (Note)						79,041
Other operating income						21,462
Other operating expenses						21,255
Operating income						162,823
Share of profit (loss) of associates and joint ventures						6,468
Gain (loss) on change in ownership interests in associates						257
Finance income						2,896
Finance costs						3,944
Profit before tax						168,502

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

2. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(In millions of yen)	For the Year Ended March 31, 2020	2021
Sales commission	40,572	27,625
Promotion expenses	47,716	42,113
Advertising expenses	173,219	141,778
Employee benefit expenses	441,488	448,833
Service outsourcing expenses	106,285	108,475
Rent expenses	20,373	18,654
Depreciation and amortization	111,312	115,413
Other	104,412	80,182
Total	1,045,380	983,076

3. Per Share Information

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

(In millions of yen, unless otherwise stated)	For the Year Ended March 31, 2020	2021
Basic earnings per share (yen)	108.27	79.83
Basis for calculation:		
Profit (loss) attributable to owners of the parent	179,880	131,393
Amount not attributable to common shareholders of the parent	-	-
Profit (loss) used in the calculation of basic earnings per share	179,880	131,393
Weighted average number of shares of common stock outstanding (thousand shares)	1,661,362	1,645,920

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

(In millions of yen, unless otherwise stated)	For the Year Ended March 31, 2020	2021
Diluted earnings per share (yen)	108.07	79.70
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	179,880	131,393
Adjustment on profit (loss)	-	-
Profit (loss) used in the calculation of diluted earnings per share	179,880	131,393
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)	1,661,362	1,645,920
Effect of dilutive potential common stock (thousand shares)		
Board Incentive Plan (“BIP”) trust	1,330	1,475
Stock options	1,829	1,202
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share (thousand shares)	1,664,522	1,648,599

4. Significant Subsequent Events

Not applicable.