February 15, 2021

**Recruit Holdings Announces Revision of Consolidated Financial Guidance for FY2020**

TOKYO, JAPAN (February 15, 2021) - Based on recent business performance, Recruit Holdings Co., Ltd. (TSE 6098) (the "Company") resolved at the Board of Directors meeting held today to revise its consolidated financial guidance announced on November 16, 2020.

The Company has determined it is appropriate to revise the consolidated financial guidance for FY2020 in order to reflect the results of Q3 FY2020, and its revised outlook for Q4 FY2020. Previous guidance was based on the assumption that the business environment would not deteriorate significantly compared to Q2 FY2020 during the remainder of the fiscal year. However, despite the gradual recovery in Q3 FY2020, the Company expects a challenging business environment in Q4 FY2020, mainly due to the state of emergency in Japan which is applied to Tokyo and 10 other prefectures in January 2021, as well as certain restrictions and lockdowns in the US and Europe being reinforced from the latter half of Q3 FY2020. The Company has also revised its outlook for each SBU (Strategic Business Unit) and updated its outlook for other operating income and expenses. Please refer to the following for the details.

Revised Consolidated financial forecast for FY2020

| (In millions of yen, unless otherwise stated) | Revenue | Adjusted EBITDA | Operating income | Profit before tax | Profit for the period | Profit attributable to owners of the parent | Adjusted EPS (yen) |
|---|---|---|---|---|---|---|---|
| Previous FY2020 guidance | 2,149,647 - 2,244,647 | 210,022 - 245,022 | 111,729 - 146,729 | 115,990 - 150,990 | 94,121 - 119,121 | 93,033 - 118,283 | 62.83 - 77.83 |
| Updated FY2020 guidance | 2,224,621 | 231,922 | 151,229 | 155,990 | 123,620 | 123,533 | 77.08 |
| Difference (Updated - Previous) | 74,974 - -20,025 | 21,900 - -13,100 | 39,500 - 4,500 | 40,000 - 5,000 | 29,500 - 4,500 | 30,500 - 5,250 | 14.25 - -0.75 |
| % change | 3.5% - -0.9% | 10.4% - -5.3% | 35.4% - 3.1% | 34.5% - 3.3% | 31.3% - 3.8% | 32.8% - 4.4% | 22.7% - -1.0% |
| FY2019 results | 2,399,465 | 325,159 | 206,011 | 226,149 | 181,249 | 179,880 | 121.03 |

The global spread of COVID-19 and restrictions implemented by governments in many countries may continue to impact most of the Company's business. The Company expects the global HR Matching market's recovery and stabilization will be gradual, despite the recent strength in recruiting demand in some industries. In addition, the Company's business environment continues to evolve rapidly as restrictions in some countries and regions have been relaxed or reintroduced. Therefore the Company's outlook remains cautious.

Consolidated Financial Guidance:

- Consolidated revenue for the six months ending March 31, 2021 is expected to be approximately 1.18 trillion yen, and is expected to be approximately 2.22 trillion yen for FY2020.
- Consolidated adjusted EBITDA for the six months ending March 31, 2021 is expected to be approximately 108.5 billion yen, and is expected to be approximately 231.9 billion yen for FY2020.
- Adjusted EPS for FY2020 is expected to be approximately 77.08 yen, assuming the amount of

depreciation and amortization and other adjustment items for the six months ending March 31, 2021 to be similar to those for the six months ended September 30, 2020. Adjusted EBITDA and adjusted EPS are the Company's target management key performance indicators.

- Assumptions of the foreign exchange rates for the consolidated financial guidance for FY2020 are as follows: 107 yen per US dollar, 121 yen per Euro, 74 yen per Australian dollar.

SBU Financial Guidance:

- HR Technology's revenue, on a US dollar basis, for the six months ending March 31, 2021 is expected to increase approximately 11% year on year. HR Technology expects the rebound in recruiting and hiring activity and improving revenue trends seen in Q3 to continue in Q4, assuming the business environment does not deteriorate significantly. Adjusted EBITDA margin for the six months ending March 31, 2021 for HR Technology is expected to be in the high-teens. In order to continue to improve its revenue trend globally in the short-term and to accelerate revenue growth in the mid-term, 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, excluding the Rent Assistance Program, for the six months ending March 31, 2021, is expected to decrease approximately 11% year on year. Including the Rent Assistance Program, revenue for the same period is expected to increase approximately 12% year on year.

  For Q4, Beauty is expected to have continued stable performance, while revenue of Travel is expected to decrease year on year due to the suspension of the Go To Travel campaign. The challenging business environment is expected to continue for Bridal and Dining. Housing & Real Estate has performed steadily in Q2 and Q3, however its performance is expected to be weaker in Q4 as the number of properties which are available for sale has been decreasing.

  Revenue for HR Solutions for the six months ending March 31, 2021 is expected to decrease approximately 28% year on year. The part-time job boards have seen recent signs of recovery, however hiring demand is expected to be negatively impacted, especially in the dining industry, by the state of emergency in Japan. The placement service also has seen recent signs of gradual recovery but due to its pay-per-hire model, revenue from recovered demand will be recognized sometime in next fiscal year.

  Adjusted EBITDA margin for the six months ending March 31, 2021 for Media & Solutions is expected to be approximately 12%. Media & Solutions expects to continue reducing operating expenses such as advertising, while resuming strategic marketing investments targeted at the anticipated period of recovery.

  Revenue from the Rent Assistance Program, which is recorded in Others under Marketing Solutions in Media & Solutions for FY2020 is expected to be 93.2 billion yen including tax. However, the total revenue recorded in FY2020 may be lower depending on the number of applicants and recipients of the program.

- In Staffing, revenue for Japan operations for the six months ending March 31, 2021 is expected to decrease approximately 2.5% year on year mainly due to weak demand for new orders, and revenue for Overseas operations for the same period is expected to decrease approximately 1.5% year on year. Adjusted EBITDA margin for the six months ending March 31, 2021 for Staffing is expected to be approximately 5% primarily due to the expected decline in revenue, the expenses to improve remote work environments and an increase in advertising expenses to attract temporary staff and business clients mainly in Japan, partially offset by continued cost control measures.

The Company provides the calculation of adjusted EBITDA and adjusted EPS in the earnings release "Consolidated Financial Results for the Nine Months Ended December 31, 2020" released on February 15, 2021.

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