

This is an edited version of the English translation of the Q4 FY2024 earnings call which was conducted in Japanese. Please note there are differences between the simultaneous English audio translation during the Q&A session and this summary. The Q&A session was translated from Japanese using an AI tool and subsequently edited for clarity.

Recruit Holdings Q4 FY2024 Earnings Call

May 9, 2025

Slide 01

Shen: Welcome to the Recruit Holdings FY2024 earnings conference call. This call is a simultaneous translation of the original call in Japanese and translation is provided for the convenience of investors only.

I'm Mizuho Shen, manager of Investor Relations and Public Relations and joining me today are,

Hisayuki Idekoba, Representative Director, President and CEO
Junichi Arai, Executive Vice President and CFO

In the first 25 minutes, Deko and Jun will provide a presentation followed by a QA session.

Please note that today's session, including the QA, will be posted on our IR website after the event.

Now I'll turn the call over to Deko.

Slide 02

Deko: Hi, I'm Deko of Recruit Holdings. Thank you so much for your attendance. I'm impressed by this large turnout. Thank you very much.

Slide 03

So let us share with you our financial results. First of all, at this same event last year, I predicted that hiring demand in the US. In May last year, we said that the hiring demand in the US would continue to decline for the next 18 to 24 months, and I used this graph.

In the second half, we thought that the hiring demand in the US will hit the bottom, and we still see it that way, so we anticipate this difficult environment and run our business based on that. And this is what happened.

Slide 04

This is the job posting data in the US around October, December. It showed signs of recovery. But as you know well, in February and March, we still see difficult numbers, so we cannot say that the demand has hit the bottom yet. This is the situation, but it is close to what we anticipated.

Slide 05

So improvements in business productivity and the product monetization strategy, mainly in the US, were pursued and produced a certain amount of results, and therefore both revenue and adjusted EBITDA were record highs.

Slide 06

Now, from April and May onward, the US hiring demand is expected to continue declining. HR Technology US revenue in March and April shows a decline in hiring demand, particularly among small and medium-sized companies.

So in the US, we expect the job openings to continue declining by around 10% from the current level, and run our business based on such an assumption.

Slide 07

Based on this outlook, we anticipate a slight decrease in revenue and through continued productivity improvement, we expect a slight increase in adjusted EBITDA for this fiscal year.

For Recruit Group as a whole, we will utilize AI to improve our productivity. For example, in HR Technology around 33% of the new program code is already being written by AI.

As I mentioned, we anticipate a negative 10% in hiring demand, and there is a good possibility that the drop will be bigger than that. So we will continue to prepare for that as we run our business.

The economic circumstances remain challenging, but we believe that the cycle of increased hiring demand will inevitably return next fiscal year or the year after that.

So as we've done multiple times in the past decades, we are committed to evolving our products and organizational structure to meet that future demand. I think that is the timing we are in right now.

Slide 08

Today, CFO Arai is also here, so I will keep the detailed figures to a minimum. As I mentioned before, we are now using AI to a great extent in our products, and so I would like to take this opportunity to share with you a video to show that. Please take a look.

Product Video 1:

20 years ago, Indeed transformed the job market, bringing all online jobs to one site. Today, Indeed helps more than one person get a job every three seconds.¹

But it still takes endless searches, repetitive applications and sifting through countless resumes... just to find the right job or talent.

That's why we're reimagining what's possible. By harnessing the power of AI we're creating a dramatically new and better experience, that works tirelessly just for you.

Meet Indeed Career Scout, your very own AI talent agent.

Forget keyword searches. Now, with simple conversational language, tell Career Scout exactly what you're looking for.

It understands your skills and experience and guides you to the best matches—fast. It can personalize your resume and fill out applications for you.

And when you land that interview? Practice with Career Scout's interview AI to build your confidence.

"It's a game changer....like a North Star is guiding you... awesome." Looking beyond your current path? Career Scout can map out new career journeys, with earning potential and the steps to get there. "I have never seen something like this."

Ready to make that move? Career Scout is there to connect you with employers looking for what YOU have to offer.

And for employers, there's Indeed Talent Scout.

Your AI recruiting agent that taps into our vast data and insights to optimize your job's title, pay, and description... automatically.

Talent Scout uses your criteria to match you with top talent from over 340 million candidates on Indeed who are open to outreach.²

Imagine never again sorting through hundreds of applications. Use conversational language to have Talent Scout quickly help you narrow down candidates

It highlights qualifications, fit...Crafts personalized outreach. Schedules—and even runs automated AI interviews.

With our new AI Agents, Indeed isn't just faster. It's smarter. Simpler. More human.

For 20 years, we've revolutionized how people get jobs....

Now, we're doing it again

Slide 10

Deko: This is currently being tested in the US and is being developed as we speak.

We truly believe that this year will be the year when AI actually changes everyone's lives. We plan to continue providing new products that will make life more convenient for hundreds of millions of users around the world.

We have also prepared a video of products that are actually being made and used in Japan, so please take a look.

Product Video 2

In HR Technology SBU, as the collaboration between Indeed's technology and data of the HR matching business in Japan continues and grows, we have created AI tools that provide job search and career support for a variety of users.

Rikunabi AI Assistant

One of them is Rikunabi AI Assistant. This AI helps students who are looking for a job for the first time and have questions like:

"What have I been working hard on at school?"

"What kind of experience and learning can I make use of in society?"

Rikunabi AI Assistant was created to help students face the difficulty of creating their first application documents.

University student: I was part of comprehensive robot development that includes making mechanical transmission software, and I was also responsible for managing the entire team.

University student: Our whole team worked together towards our goal, and we made it all the way to the finals in the Japanese national tournament.

Just by answering questions from the AI, your experiences will be put into words.

Rikunabi AI Assistant will organize the information for the students, showing them “what they worked on” and “what they learned”, and provide a draft for the application document.

University student: Ahh, so this is how I’m supposed to write it. Makes sense, I get it now.

“Application documents that used to take 2 hours to complete³, now completed in just 6 minutes⁴ and Rikunabi AI Assistant is already used by over 45,000 students.⁵

In addition, in order to provide in-depth support to even more people, we have begun testing a career assistant using AI.

Career Assistant

Career Assistant deeply understands users' concerns and aspirations and provides the appropriate support. Let's take the example of an elementary school teacher.

Teacher B: I really enjoy my current teaching job, and I find it very rewarding to watch my students grow. But, when I think about things like time off and salary, I sometimes feel like exploring opportunities in other industries. I'm particularly interested in jobs that involve creating educational content. What kinds of companies are actually out there in that field?

Teacher B: I didn't know there was a career path like this.

In this way, Career Assistant shows you new career options that you were unaware of. We are currently testing the Career Assistant app with some of our registered members, and we plan to further expand after the summer of 2025.

Slide 12

It is pretty nice, isn't it?

Finally, AI has evolved from a so-called co-pilot to a point where it can actually take over human tasks, and we're finally getting there. Not just receive recommendations, but have AI do human tasks for us.

The large language models are already utilizing all available online data, as some people say, but Recruit Group possesses large amounts of proprietary matching data and offline conversational data.

So by combining our unique jobs and hiring data with AI, we believe we can make life easier for everyone around the world.

Now, our CFO Jun Arai will provide details on the consolidated and segment results and guidance. Thank you very much.

Slide 13

Jun: Hello. This is Arai. This is the first face-to-face event in a while. Before COVID, we did this every quarter. But since the COVID pandemic, we escaped to online, if you will. But we can't just keep on doing that, so this time it is real, live face to face. Thank you so much.

I watched the video earlier. If we had this Rikunabi AI Assistant, “Gakuchika” in Japanese, or these tools when I was in college, what would I have done? I would have been able to utilize them.

I don't have any fun video, only numbers to present. So I hope you won't get bored. I'm sure the content is not boring, so I hope you could bear with me.

Slide 14

I will discuss FY2024, full year consolidated results and FY2025 full year guidance. Some analysts thought that we will provide guidance on a quarterly basis, but this is full-year guidance.

FY2024 full-year results, and the FY2025 full-year outlook by our three segments and updates on the latest measures on capital allocation.

As time is limited, and as we want to leave enough time for the Q&A session, I will provide a condensed executive summary.

And after this presentation, we will have a follow-up meeting at 5:45pm with the equity research analysts to discuss further details. All content discussed in each of these presentations will be fully disclosed later on our IR site as part of the earnings call transcript. So please take a look.

Slide 15

As previously mentioned, starting this fiscal year, we have integrated HR Technology and HR Solutions, which includes the job advertising business and the placement business of Matching & Solutions.

As a result, Matching & Solutions now only consists of Marketing Solutions including SaaS solutions, and accordingly, the segment name has been changed to Marketing Matching Technologies or MMT.

To facilitate a comparison with our FY2025 segment outlook, we are presenting FY2024 pro forma segment financial data, which assumes the integration of these businesses had been in effect from April 1st, 2024.

Slide 16

First, regarding the FY2024 consolidated financial results;

Slide 17

Revenue increased by 4.1% to 3 trillion 557.4 billion yen. As a result of continued focus on improving operational efficiency throughout the fiscal year, adjusted EBITDA increased 13.5% and reached a record high of 678.8 billion yen, exceeding the revised guidance announced in February.

Adjusted EBITDA Margin was 19.1%, surpassing the FY2021 level, which saw significant growth in the performance of the HR Technology segment.

Basic EPS increased 20.1% to 271.44 yen, partly due to the effect of share buybacks.

The full-year consolidated earnings guidance for FY2025, disclosed today, is based on the following full-year assumed exchange rates: 145 yen per US dollar, 158 yen per Euro, and 92 yen per Australian dollar.

For FY2025, we are assuming that US hiring demand will continue to decline, with an expected further decrease of approximately 10% from the current level.

For Japan, our premise is the continuation of the current business environment with no sudden economic downturn.

Our consolidated guidance for the full year 2025 is calculated by combining the outlook for each segment and is based on plans to further improve productivity and enhance operational efficiency.

Until FY2024, we presented guidance in a range. However, for FY2025, with a focus on enhancing the clarity of our disclosures, we are providing a single-point guidance that reflects the approximate midpoint of the internal forecast range calculated for each business segment based on assumptions and premises.

As a result, we forecast the following for the full fiscal year 2025:

Consolidated revenue is expected to be 3 trillion 520 billion yen, which is roughly flat or equal to a decrease of 1.1% from our FY2024 actual results.

Adjusted EBITDA, as Deko said, due to further productivity improvements, is expected to increase by 2.7% to reach a new record high of 697 billion yen and adjusted EBITDA margin is expected to be 19.8%, exceeding that of FY2024.

Basic EPS is expected to increase by 8.7% to 295.00 yen.

Slide 18

I will now move on to the results and outlook by segment

Slide 19

Starting with HR Technology, as Deko mentioned earlier, during periods of a challenging business environment, just like the one we are in right now, we focus on driving operational efficiency and preparing for the next growth phase in job postings.

By doing so, we will continue to expand profitability even while facing headwinds.

We often receive questions from institutional investors and analysts regarding the mid-term outlook for HR Technology's profitability, or some sort of guidance.

When the business environment improves, not now, during a recovery phase, we expect both the number of paid job ads, in other words volume, and prices per job to rise, leading to a significant increase in revenue growth.

Depending on the extent of revenue growth and the increase in advertising and promotional expenses deemed necessary, we believe there is a strong possibility that we can exceed the previous record-high adjusted EBITDA margin of 43.1%, achieved in Q2 FY2021 right after the COVID pandemic, by maintaining our even improving our current cost structure.

We believe, again, there is a strong possibility that we can exceed that level, and in order to do so, we are currently making preparations. Now going back to the presentation.

Segment revenue in HR Technology for FY2024 increased by 5.4% to 7.38 billion US dollars and adjusted EBITDA margin was 35.9%.

The 2024 pro forma based segment revenue due to the integration of HR Solutions of Matching & Solutions and assuming that took place a year prior, segment revenue was 8.99 billion US dollars. Adjusted EBITDA margin for FY2024 would have been 33.0%.

First, I will cover the FY2025 revenue outlook by region.

While the US revenue in the most recent month, April, was flat compared to both April last year and March this year, and despite anticipating a further decline in US job postings throughout the year, we expect revenue on a US dollar basis to remain flat year over year, supported by ongoing monetization developments.

In Europe and Others, which was renamed from "Rest of World", we anticipate an 8.1% increase in revenue on a US dollar basis, driven by continued advancements in monetization.

In Japan, first revenue will be negatively impacted by the shift from gross to net accounting with the migration to the Indeed PLUS PPC model, which deducts agency sales commissions. So there's going to be a negative impact from that.

And secondly, we are prioritizing the stable operation of our newly reorganized structure following personnel reassignments to facilitate future growth in the coming year. That's the decision management has made. On a pro forma basis, revenue is expected to decline by 2.7% in Japanese yen. However, on a US dollar basis, it is expected to increase by 2.4%.

Segment revenue on a US dollar basis is expected to increase by 2.4% or a decrease of 2.8% on a Japanese yen basis.

Segment adjusted EBITDA is expected to increase 7.1% on a US dollar basis or an increase of 1.6% on a Japanese yen basis driven by continued cost control initiatives, resulting in adjusted EBITDA margin improving to 34.5%.

Slide 20

As for Staffing, segment revenue for FY2024 increased and segment adjusted EBITDA margin was 5.8%.

For FY2025, segment revenue is expected to decline by 1.6% due to a 6.8% decrease in Europe, US, and Australia. This decrease in Europe, US, and Australia is more than what Japan can cover. However, we expect to maintain efficient operations and target a segment adjusted EBITDA margin of 5.6%.

Slide 21

And lastly, MMT, which consists of only Marketing Solutions including SaaS solutions, will continue to promote our long-term management strategy, 'Help Businesses Work Smarter,' contributing to the expansion of revenue and the reduction of operating expenses for business clients in Japan, particularly small and medium-sized business clients, while enriching the lives of individual users and steadily building an ecosystem in the Japanese market.

We will achieve further business growth of MMT by contributing to the revenue growth of our business clients, driven by the evolution of matching technology. We will also increase our revenue through growth-oriented resource allocation and improve profitability through the development of an efficient operating structure.

As a result, in the medium term, we believe the segment adjusted EBITDA margin will improve 10 percentage points to approximately 35.5%.

The starting point of this is FY2024 pro forma. In FY2024, pro forma results for MMT revenue would have been 539.5 billion yen, with adjusted EBITDA margin of 25.4% after allocating corporate overhead costs.

FY2024 actual adjusted EBITDA margin before allocating corporate overhead costs of Marketing Solutions in Matching & Solutions was 30.2%, in line with our initial outlook for FY2024. However, the allocation of these costs resulting from the separation of HR Solutions has been recognized in the pro forma results. As a result of those costs being added, the margin was 25.4%.

For FY2025, we expect a 5.1% increase in revenue, driven by growth in the Lifestyle subsegment including Beauty, Travel, Dining and SaaS solutions with adjusted EBITDA margin improving to 27.5% by driving productivity across the entire segment. The margin improves by approximately two percentage points to 27.5%.

Slide 22

Our capital allocation measures, I would like to cover this topic last.

Looking back at FY2024, total payouts to shareholders including dividends and share repurchases of 859.1 billion yen, resulted in a total payout ratio of 210.3%.

Slide 23

Net cash at the end of the year decreased by about 310 billion yen to 822.7 billion yen from the end of the last fiscal year.

For FY2025, the ongoing share repurchase program, with an upper limit of 450 billion yen, is progressing. As of April 30, we have already acquired 340.6 billion yen, which is equivalent to approximately 76% of the acquisition upper limit of 450 billion yen.

Given the current pace, we expect the program to be completed significantly earlier than initially anticipated.

We have not changed our target announced in May 2024, to reduce net cash to approximately 600 billion yen over the two years ending March 2026.

Going forward, while considering potential strategic M&A opportunities, we will closely monitor changes in the economic and capital market environments, and the forecast of our financial position, and carefully evaluate the necessity, scale, and timing of the next share repurchase program.

The total per share dividend amount in FY2025 is expected to be 25.0 yen, which consists of 12.5 yen for an interim dividend and a year-end dividend of 12.5 yen.

As a global technology company, amidst the turbulent changes in the business environment, we are firmly committed to driving a consistent growth strategy and enhancing operational efficiency, and we respectfully request the understanding and support of all stakeholders, including shareholders and capital market participants.

That concludes my presentation.

Thank you.

Q&A session

Shen: Now we would like to proceed to the Q&A session. Please limit the number of questions to one each time, and one follow up question.

To those participating on site, if you have a question, please raise your hand. When you are appointed and the microphone is provided, please introduce your company and name before a question. And if you're on Zoom, please send your questions via chat.

First, I would like to take questions from everyone in the audience. If you have a question, please raise your hand. I will bring a microphone to you, so please state your company name and your name before asking your question.

Yamamura: Thank you very much. I am Yamamura from J.P. Morgan Securities. I have one question.

In 2024, which you positioned as the year zero of the economic cycle, you focused on efficiency and the monetization and acceleration of your HR Technology business, and I understand that you have indeed achieved significant increases in both revenue and profit.

Looking at your plan for the US HR Technology business, it appears to be roughly flat in local currency terms, with an expected decrease in the number of jobs. Therefore, I understand that you plan to continue to cover this with unit prices. I would like to ask, if possible, about the sustainability of this monetization – how far can it go?

You have come this far by implementing various measures such as raising the paid job ads ratio, expanding premium services, and introducing minimum budgets. What stage are you currently at, and in the next year or in the mid- to long-term, where is the most significant upside remaining? We believe in your resilience against macroeconomic factors to a certain extent, so could you please comment on the sustainability of your monetization strategy?

Deko: Thank you for the wonderful question. First and foremost, what we are considering as a fundamental premise is that, until now, we have inevitably focused on acquiring a large number of applicants. However, especially when the economy worsens, the number of applicants naturally increases. Therefore, by using things like AI, we can selectively send higher quality applicants – those who are a good fit for the job and the type of person the company wants to hire – thereby reducing the burden on companies.

For example, we have many major clients who receive as many as 3 to 4 million applications per year. They have a very strong desire, and we hear many requests from them, to see if we can narrow that down to just one-tenth of truly suitable candidates.

So, regarding the premium services you mentioned, currently, these are mainly targeted at small and medium-sized enterprises. For example, if they only want to hire people with specific qualifications, we apply several matching criteria on our end and charge these clients more for this service.

Looking ahead, there is still a lot we can do and are currently testing using AI, such as AI-powered screening and AI-powered interviews. We need to consider how to monetize these advancements. Furthermore, we have been operating what is called a demand-side auction, where companies looking to hire people for specific jobs compete on price in an auction format.

In the mid- to long-term, this relates to concepts that are often discussed not just by us but also things like optimized CPC (OCPC) and outcome-based models. What this means is, for example, and this isn't just limited to us, when ten people click on an advertisement, how do we allocate budget and charge differently to those who are highly likely to make a purchase versus those who are less likely? There are also advancements in advertising technology in this area.

In other words, as demand and supply become more scientifically understood, we can achieve slightly more scientific pricing by determining how to allocate and charge based on who is truly a very good applicant for a particular company.

In other words, once we understand not just how many people want to hire, but also how many applicants are likely to be qualified for a specific job in a specific area, then, for example – just to give a clear example – that's how it works. So, I believe this kind of evolution will continue to progress.

The most important thing is that the value for client companies and users is genuinely enhanced. We believe this can be achieved through the evolution of AI technology. When it comes to monetizing this, it's crucial not to be too hasty. By proceeding while confirming that it's beneficial, I believe we can receive payment in many ways beyond just premium services, in a way that everyone is satisfied with. That's what we are thinking. I apologize for the lengthy answer, but we believe we are just getting started.

Shen: Thank you. Are there any other questions?

Kitagawa: Thank you. I am Kitagawa from NewsPicks. Nice to meet you.

Since the HR Technology business is doing extremely well, I would like to ask about the other business areas instead.

The Marketing Matching Technologies organizations have undergone significant changes, and Mr. Ushida has newly assumed a top position. Could you please tell us about the aim and expectations behind this new structure?

Deko: Thank you. Up until now, we have somewhat separated our Japan business and other HR businesses. As you all know, in Japan, it's roughly split in half between the HR-related and non-HR-related parts. This time, the main idea is that, of course, we need to avoid dispersed investment in technology, especially with AI investment becoming quite substantial. Therefore, we decided to operate HR as one team.

At the same time, this will naturally increase exposure of Marketing Solutions, allowing more people to see it. So, there's a significant pressure to meet the expectations of having many users and companies using our services provided by Marketing Solutions. We also want to communicate this to all of you as part of our IR activities, so you can see the value. We believe this will create positive pressure and drive evolution in a way that is truly meaningful for a public company.

Kitagawa: Looking at the whole picture, it aligns with increasing productivity for companies, including SMEs. However, as you increasingly focus on HR, there's a sense that it's becoming a somewhat distinct business area.

Deko: I don't see it as that distinct of a business. For us, it's about consistently delivering innovation to society, and that's how we've been running our businesses.

However, the way of thinking or the vision is slightly different. 'Help Businesses Work Smarter' means thoroughly addressing areas beyond just HR.

Of course, there are synergies with HR as well. But if you consider, for example, our approach to FinTech isn't about 'what do we do with FinTech itself?' but rather, for our customers – whether they are restaurants, beauty salons, hotels, or real estate companies – what kind of services can we provide to increase their productivity, especially since many of them are struggling with hiring?

Then, of course, FinTech is something they would want as a service because they handle money. That's how we design our businesses. So, it's not about 'what do we do with FinTech in the FinTech business?'

Therefore, from our perspective, it feels quite natural based on our vision of 'Simplify Hiring' and considering what services we can offer to the customers we are engaging with. Does that answer your question?

Shen: Thank you very much. Are there any other questions?

Munakata: I am Munakata from Goldman Sachs Securities.

In the previous question, you have discussed monetization from employer's perspective. I would like to ask from the job seeker's perspective. The Career Scout and Career Assistant products in the video earlier felt like they could uncover latent needs within individuals – the kind of work they might truly want to do – representing a more advanced and in-depth service. Considering this, what are your expectations?

Looking far into the future, and to put it extremely, I personally feel there's a possibility that even people who aren't immediately looking to change jobs or have no intention of changing jobs could use such a service. Could you please tell us about the potential for this kind of cultivation? Thank you.

Deko: Thank you. Our dreams are certainly expanding, and these kinds of discussions often come up in our internal meetings. However, our priority remains firmly focused on the hiring process.

Looking at what our career advisors and other offline businesses are doing, for example, we see that they are indeed considering individuals' situations, family circumstances, future plans, and so on, as you mentioned.

The challenge lies in the broader context – things like pursuing specific education or certifications. Recruit has been involved in this for decades. However, to answer your direct question about the closest connection to job matching:

Even within that, we see a surprising number of processes involved. We've also conducted tests where the answers weren't quite what we were looking for, suggesting there's room for improvement in accuracy. Furthermore, the nature of work is incredibly diverse. While your question might lean towards white-collar professionals with specific educational and career paths, there are also many people who urgently need work to earn money. In terms of the global majority, this includes a significant number of blue-collar workers, both in Japan and the US. So, our initial focus is on perfecting the core matching process.

By doing so, the scope will likely expand, and users will probably ask new questions.

Currently, if you come to Indeed, there are two boxes asking for a job title and location. That's all the information we solicit. However, with conversational interfaces or when offering consultation, we are already receiving broader questions.

The key challenge is that our goal is to create vertical AI. So, if someone asks if our investment will be very high, we want to say, "For tomorrow's weather, please ask OpenAI or Google's AI."

As you rightly pointed out, we aim to be the best at answering questions related to jobs. How far that extends will likely evolve as we progress. But for now, we believe there's still much work to be done in our priority area.

Munakata: Thank you. From our perspective, the accuracy of matching seems to have improved significantly already, but it's encouraging to hear that you still see plenty of room for further development.

Deko: Yes, for example, as we touched on earlier, we might explore things like offering interview practice. There are still many possibilities even within the realm of hiring, and we anticipate these areas will continue to expand.

Shen: Thank you. Next question, please?

Suzuki: I am Suzuki from Nikkei Shimbun. I have one question. Your company has consistently emphasized respect for diversity, but with Mr. Trump pursuing policies that seem to oppose DEI, I was wondering if this has any impact on your business or performance, or if there will be any changes to your company's policies.

Deko: Thank you for your question.

Our company continues to focus on achieving our sustainability goals by the end of fiscal year 2030.

We recognize that there are indeed difficult situations emerging in certain countries and regions. However, so far, we have not seen any impact on our business performance. In that sense, we want to continue to work hard towards achieving our sustainability goals.

Suzuki: So, it's correct to say that your policy remains unchanged? It won't lead to a major policy shift or revision of your goals? And if there's anything you are doing internally to further advance these efforts, could you please share that?

Deko: As I mentioned, for example, there have been some legal decisions and changes in the US. We recognize that some things may need to be changed to avoid non-compliance, and we have already made some changes.

However, Recruit Holdings as a whole primarily focuses its sustainability goals on leveraging our business strengths, such as our aim to help 30 million individuals facing barriers in their job search. We are committed to continuing our efforts to achieve this. That's the situation.

Shen: Thank you. Next question, please.

Nagao: I am Nagao from BofA Securities. Thank you.

Indeed PLUS was launched a while ago. Could you please tell us about its results and if you are seeing any positive signs? Also, from April 1st, the middle-class Recruit Agent, and the high-class Recruit Executive Agent will be consolidated into the HR Technology business segment. What new things are you trying to create through the synergy of this labor-intensive business and the HR Technology? What value are you aiming for beyond a simple combination? What are Deko's thoughts on this? Thank you.

Deko: Thank you.

I'd like to start with something my daughter taught me about two or three years ago that made me think.

She was thinking about which university to go to, and since she was studying science, I suggested computer science, saying it might lead to a well-paying job. She replied, 'Dad, you're so old-fashioned. AI can do everything now. I don't feel like learning programming.' When I asked what she wanted to do, she said that when AGI and ASI are developed, she wants to connect with them offline, allowing AGI to think and advance the evolution of offline things like materials, proteins, and medicine. That made me think, 'Oh, I see.'

That was about three years ago, and she went on to study chemical engineering. Even now, as I conduct various AI tests, while there are many ways to leverage AI based on online signals and as an extension of machine learning, I also believe that the next stage of evolution will greatly benefit from the interaction between offline and online, leading to the biggest returns in AI advancement.

What often comes to mind is when Windows first started. Before Windows, you had to write code to boot up your computer. The fact that you could just click and an application would launch was amazing at the time.

What is the fundamental evolution of large language models in terms of user experience? For example, right now, when you call a call center, you still have to press 1 for balance inquiries, 2 if you can't find your card, and so on.

Essentially, whether you say 'I lost my card' or 'I can't find my card,' if the system understands, that becomes the next order or instruction to the machine.

Previously, you had to write a programming language or go through a conversion of numbers like 1 or 2.

In that sense, the fact that human language becomes an instruction with large language models is truly the biggest evolution, I believe. Therefore, including our temporary staffing business and placement services, we are thinking about how to deliver the evolution of AI in both online and offline aspects to everyone's lives. This is where I believe the biggest evolution will occur in the next two to three years, and we have been working to promote this collaboration. Does that answer your question?"

Nagao: I'd like to get a clearer picture of the business.

To put it simply, as in one of your previous presentations, there was a shift from an ad model to a marketplace. I was hoping that Indeed could further complete the placement process online, or that you had injected assets into the HR Technology to accelerate that process, creating some kind of business change. What are your current thoughts on this?

Deko: What I often think about is separating what value is actually being increased and how to monetize it as much as possible.

So, regarding what you just mentioned, the placement business has a Cost Per Hire model with many offline agents. What we need to do first is to carefully analyze the value and break down the process to see what can be replaced online to increase the value for users and companies.

Thinking that way, when it comes to monetization, rather than simply taking the existing model and applying it elsewhere, there are often better times to consider a slightly different approach.

It's not so much about taking something we did here and directly applying it overseas. Instead, it's about first increasing value and making customers happy in a different way. As I said earlier, if customers are happy, I believe monetization will follow in some form. I think making customers happy is more important first.

Of course, making a profit is a good thing.

Shen: We are running out of time, and we have received many questions online, so I would like to read one last question from online.

This question is from Mr. Yamaguchi of Asahi Shimbun. Deko's presentation started with the first 10 minutes focusing on the US, which was impressive. I understand this is the result of a strategy for international acquisitions to address the declining birthrate in Japan. However, as a reporter who is looking at Recruit's financial results for the first time in over a decade, it feels like I'm listening to a completely different company.

I believe revenue already exceeds 3 trillion yen, with overseas businesses accounting for more than half of your revenue. Does Recruit need to seek growth pillars overseas to continue growing? Including expansion into Asia, what is your vision for Recruit's near-future growth? For example, what do you think the overseas ratio will be?

At that time, how will you proceed with the integration of AI investments?"

Deko: At the time I gave the presentation for the acquisition of Indeed, I was actually an executive in charge of Asia job boards. What I wanted to discuss was that the moment technological evolution occurs often doesn't follow a specific regional expansion strategy.

Especially with the current evolution of AI, the protein coding sequence and the sequence of language are essentially the same from the AI perspective. So, whether it's Japanese or English will become almost zero difference.

In that sense, what we probably need to think about is to properly create innovation with technology and make everyone's lives more convenient.

As a result, while we currently have about 300 or 350 million monthly users, we want to evolve to a point where 1 billion or 2 billion people can use our services. Of course, this will naturally lead to expansion into countries like India, Africa, and Southeast Asia.

I'm not really thinking in reverse, like, 'If we go here, sales will increase, so let's focus on this area.' That's not really how I think.

Shen: Thank you very much. We have reached the end of our time, so we will now conclude the Q&A session.

Finally, Mr. Idekoba, could you please give us a few closing remarks?

Deko: As I mentioned at the beginning, the global economic situation is truly uncertain, and the situation in the US is particularly difficult to predict. However, more than anything, I believe that the current evolution of AI is undoubtedly a once-in-20 or 30-year opportunity.

Regardless of whether the economic situation is good or bad, we are really focusing on how many things we can deliver in this one year that will make people feel that their daily lives have become more convenient. When we have the opportunity to speak to you again around this time next year, I hope we can share some positive progress.

Thank you very much for your time today.

Shen: Yes, thank you very much. This concludes the earnings briefing. Thank you for your participation.

¹ Indeed data, 2024 average.

² Internal data, (worldwide), cumulative number of verified job seeker accounts across HR Technology's sites through March 31, 2025. Job seeker accounts that have a unique, verified email address.

³ The average time based on answers from our survey of students graduating in 2024: 115.55 minutes.
(Question: How long does it take to fill in the application documents, including the Entry Sheet, per company?;
number of responses: 1090)

⁴ Median time it took users to complete the drafting of "Gakuchika" (Student Achievements) using "Rikunabi AI Assistant" from September 25, 2024 to April 12, 2025; 6 minutes 7 seconds.

⁵ The number of users who completed the drafting of "Gakuchika" by using "Rikunabi AI Assistant" from September 25, 2024 to April 28, 2025.

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