

FAQs for Q1 FY2024

Recruit Holdings Co., Ltd.

Q1. Where can we find the financial results of operations in Management's Discussion and Analysis (MD&A) that was included in previous Earnings Releases?

Due to the amendments to the Japanese Financial Instruments and Exchange Act in 2023, the duty of submitting quarterly reports by listed companies to the Financial Services Agency was abolished starting from April 1, 2024.

In line with this change, the Company decided to remove the MD&A section from the Earnings Release for Q1 and Q3, while maintaining the same level of disclosure in each quarter as before. The information equivalent to what has previously been disclosed is provided in the Results Presentation and its transcript, the FAQs and the Earnings Results Call Q&A transcript.

For Q2 and Q4 FY2024, the Company will include the financial results of operations in the MD&A section of the Earnings Release, as the Company will continue to disclose Semi-Annual and Annual Reports respectively during those periods.

Financial results on a Japanese yen basis are included in the [Supplementary Information](#) in the Earnings Release. Other financial information including revenue on a US dollar basis for HR Technology, constant currency calculations and the number of SaaS accounts for Air BusinessTools are included in the [Appendix to the FAQs](#) below.

Q2. Please summarize and provide an update on the share repurchases announced on July 9, 2024.

On May 15, 2024, the Company announced that it aims to reduce its net cash and cash equivalents level to approximately 600 billion yen by the end of March 2026 through strategic business acquisitions and by continuing to return value to shareholders.

The macroeconomic environment and the HR Matching market continue to face ongoing uncertainty. After considering several factors including the ability to make strategic business investments, the current stock price, market conditions, and the forecast of our financial position, the Company's Board of Directors resolved on July 9, 2024 to implement share repurchases to further improve capital efficiency and to maximize shareholder returns. This approach is in line with the Company's existing capital allocation policy.

Overview of Share Repurchases Announced on July 9, 2024

Type of Shares	Common stock of Recruit Holdings Co., Ltd.
Total number of shares to be repurchased	87,000,000 shares (maximum) (up to 5.67% of total number of shares issued and outstanding (excludes treasury stock ¹))
Total purchase price	600 billion yen (maximum)
Period	From July 10, 2024 to July 9, 2025
Method	(1) Market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with transaction discretion (2) Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

In connection with the program above, the Company repurchased 8.65 million shares for 79.1 billion yen through ToSTNeT-3 on July 10, 2024, as agreed with our Japanese business partner shareholders which intended to reduce its holdings of the Company's common stock. The Company began market purchases through an appointed securities dealer with transaction discretion on July 11, 2024 and executed share repurchases totaling 34.1 billion yen² as of July 31, 2024.

In total, the Company repurchased 12.5 million shares for 113.2 billion yen² (18.88% of total purchase price) as of July 31, 2024, and plans to acquire the remaining 486.7 billion yen by July 9, 2025 at maximum.

Regarding the share repurchase program with a maximum total purchase price of 200 billion yen or 46 million shares disclosed on December 13, 2023, the total purchase price reached the maximum amount and was completed with the acquisition of a total of 30.8 million shares on June 25, 2024.

¹ The treasury stock includes treasury stock held by the Company and the Company's stock held in the trust account of the Board Incentive Plan ("BIP") trust and the Employee Stock Ownership Plan ("ESOP") trust.

² On an execution date basis

Q3. What are the latest labor market dynamics in the global HR Matching market?

Labor markets continue to gradually cool off in the US and most developed markets in Europe and Asia. Inflation continues to fall worldwide (though not uniformly) and unemployment remains generally low (but has been slowly rising in some nations).

US

US job openings have fallen consistently after peaking at more than 12 million in March 2022 and ended June at approximately 8.2 million, according to the US Bureau of Labor Statistics, a level consistent with a healthy, sustainable, and balanced market.

But as job openings have fallen, the unemployment rate has slowly crept up, and now exceeds 4% for the first time in more than two years. While the overall unemployment rate remains low, the upward trend deserves careful consideration. The rate at which employed workers have moved into unemployment increased during the first quarter and the share of prime-age workers with a job has flatlined at 80.8%, a potential sign that both the labor market has reached full employment and that job gains have lost momentum.

Europe

The steady decline in job postings that has characterized the US market for the past couple years is also echoed in many European markets, though with considerable variation from country-to-country. As of the end of June, total job postings on Indeed in both France and Germany remained roughly 40% higher than pre-pandemic norms, considerably higher than levels in the US (11% higher than pre-pandemic norms at end of June) and the UK (1.3% below pre-pandemic levels).

In Germany, while the overall level of job postings remains comfortably above pre-pandemic norms, job postings fell by more than 15% from January through May 2024. In the UK, the ratio of unemployed people to vacancies has risen from mid-2022 lows, but remains below longer-term averages – a sign of a market that is gradually softening but remains somewhat tight. UK inflation has fallen to the Bank Of England's target range, but annual posted wage growth in the UK is far ahead of that in both the US and euro area.

APAC

The overall level of job postings on Indeed in Australia was more than 60% higher than pre-pandemic levels at the end of June, a testament to the enduring strength of the Australian job market. In Japan, annual wage growth in May was the fastest in more than three decades, and the Bank of Japan (BOJ) recently said wage hikes were broadening across the economy in response to tight labor market conditions, spreading from larger firms to smaller ones. According to the BOJ, some regional smaller firms have prioritized raising pay to retain or hire workers, even if they were not earning large profits, a sign that Japan's chronic labor shortage may only intensify.

Q4. Please explain the latest financial guidance for FY2024.

There is no change to the consolidated financial guidance and the outlook of each SBU disclosed on May 15th, 2024.

Consolidated Financial Guidance

(In billions of yen)	FY2023 Actual	FY2024 Guidance	YoY %
Revenue	3,416.4	3,300.0 - 3,500.0	-3.4% - +2.4%
Adjusted EBITDA	598.3	570.0 - 675.0	-4.7% - +12.8%
Operating income	402.5	390.0 - 500.0	-3.1% - +24.2%
Profit attributable to owners of the parent	353.6	315.0 - 400.0	-10.9% - +13.1%
Basic EPS ¹ (yen)	225.99	206.00 - 260.00	-8.8% - +15.0%

¹ Number of issued shares and number of treasury stock for FY2024 Guidance calculation are as of April 30, 2024 on a delivery date basis.

Financial Outlook of Each SBU

(In billions of yen)	FY2023 Actual	YoY %	FY2024 Outlook	YoY %
HR Technology				
Revenue (In millions of USD)				
US	4,841	-19.3%	-	-7% - +5%
Japan	503	-	-	approx. +70%
Rest of World	1,659	-	-	approx. +2%
Total	7,004	-15.0%	-	0.0% - +9.5%
Adjusted EBITDA margin	34.0%	-	33% - 36%	-
Matching & Solutions				
Revenue				
HR Solutions	305.0	+2.5%	-	-23% - -10%
Marketing Solutions	492.4	+9.0%	-	+1.5% - +9%
Total	807.8	+6.2%	-	-7.7% - +1.8%
Adjusted EBITDA margin				
HR Solutions ¹	20.5%	-	approx. 16% - 19%	-
Marketing Solutions ¹	28.0%	-	approx. 29% - 31%	-
Total	20.3%	-	20% - 23%	-
Staffing				
Revenue				
Japan	751.6	+9.9%	-	+5%
Europe, US, and Australia	882.6	-2.1%	-	-4.0% - -2.5%
Total	1,634.2	+3.1%	-	+0.1% - +0.9%
Adjusted EBITDA margin	6.0%	-	5.5% - 6.0%	-

¹ Before allocation of corporate overhead costs.

The foreign exchange rate assumptions for FY2024 are 145 yen per US dollar, 158 yen per Euro and 98 yen per Australian dollar.

Q5. Please summarize the progress of the Prosper Together strategy.

FY2023 is the third year since the Company set five sustainability goals it aims to achieve by FY2030. Recruit Holdings Co., Ltd. and its subsidiaries further strengthened their efforts to realize their commitments through the evolution of products and services.

Environmental

- The Company anticipates reaching carbon neutrality throughout its business activities (Scope 1+2) in FY2023, as it did in the past two fiscal years. (To be confirmed after third-party verification is issued in January 2025.)
- Toward the goal to achieve carbon neutrality across its entire value chain by FY2030, in order to accelerate its efforts toward this long-term goal, the Company sets a three-year reduction target. One particular focus was to substantially reduce Scope 3 emissions, which account for more than 95% of the Company's greenhouse gas (GHG) emissions. To achieve this, the Company continues working with the partners in its value chain to refine the measurement of GHG emissions and discuss reduction plans.
- In recognition of our environmental actions, the Company was selected as a 2023 "A" list company for its leadership in performance on climate change and corporate disclosure transparency by the international nonprofit organization CDP.

Social

- Regarding the goal of halving the job search duration, the Company accelerated its efforts by focusing on employers' "time to hire." Time to hire can be measured at each step of the hiring process, up to and including the hire, by using Indeed data.
- The Company set a goal of helping 30 million job seekers facing barriers get hired by FY2030. In FY2023, the Company decided to add refugee backgrounds to its list of barriers, as geopolitical tensions have increased and a growing number of individuals have been forced to leave their homelands. Indeed provided resources and held job fairs for job seekers with refugee backgrounds in collaboration with international humanitarian aid organizations. Through these efforts, the Company is proud to have been able to help a total of approximately 6.9 million job seekers facing barriers get hired.
- To accelerate our efforts to increase women's representation in managerial positions, the Company set a three-year target and each SBU is making progress towards achieving it.

Governance

- To increase women's representation among the members of the Board of Directors and Audit and Supervisory Board by FY2030, the Company continues to consider candidates for the Board of Directors based on the skills and backgrounds needed to realize its medium- and long-term strategies.

The Company held a Fireside Chat Webcast on July 2, 2024. Ayano Senaha, Director, Executive Vice President and COO, and Junichi Arai, Senior Vice President of Corporate Strategy and Investor Relations, discussed the progress and challenges of the third year of our sustainability commitment "Prosper Together," one of our corporate strategic pillars. For more information about this fireside chat, please refer to the following.

https://recruit-holdings.com/en/newsroom/20240702_0001/

Appendix

Historical Results of Operations by Each SBU

	Q1	Q2	FY2023		FY	FY2024	
			Q3	Q4		Q1	
Consolidated Operating Results (In billions of yen)							
Revenue	850.8	855.1	866.7	843.7	3,416.4	901.5	
YoY %	0.9%	-2.7%	-1.5%	1.9%	-0.4%	6.0%	
Adj. EBITDA	165.9	162.2	158.2	111.9	598.3	179.0	
YoY %	8.9%	11.7%	14.4%	2.6%	9.8%	7.9%	
Adj. EBITDA margin	19.5%	19.0%	18.3%	13.3%	17.5%	19.9%	
HR Technology (In millions of USD)							
US	Revenue	1,317	1,231	1,129	1,162	4,841	1,251
	YoY %	-18.6%	-23.5%	-21.3%	-13.1%	-19.3%	-5.0%
Japan	Revenue	119	118	123	142	503	155
	YoY %	-	-	-	-	-	29.3%
Rest of World	Revenue	437	428	390	401	1,659	422
	YoY %	-	-	-	-	-	-3.5%
Total	Revenue	1,875	1,778	1,643	1,706	7,004	1,829
	YoY %	-14.2%	-18.2%	-17.2%	-10.1%	-15.0%	-2.5%
HR Technology (In billions of yen)							
US	Revenue	181.1	178.2	167.1	172.8	699.4	195.0
	YoY %	-13.7%	-20.0%	-17.7%	-2.3%	-13.9%	7.7%
Japan	Revenue	16.4	17.0	18.1	21.0	72.7	24.1
	YoY %	-	-	-	-	-	46.5%
Rest of World	Revenue	60.2	61.9	57.7	59.6	239.6	65.8
	YoY %	-	-	-	-	-	9.4%
Total	Revenue	257.9	257.2	243.0	253.5	1,011.8	285.1
	YoY %	-9.1%	-14.4%	-13.4%	0.9%	-9.3%	10.6%
	Adj. EBITDA	98.1	92.1	80.7	73.3	344.3	100.2
	YoY %	2.7%	1.0%	2.4%	-4.4%	0.6%	2.2%
	Adj. EBITDA margin	38.1%	35.8%	33.2%	28.9%	34.0%	35.2%
Matching & Solutions (In billions of yen)							
HR Solutions	Revenue	80.8	74.1	73.1	76.8	305.0	74.8
	YoY %	11.3%	5.5%	-0.8%	-4.9%	2.5%	-7.4%
	Adj. EBITDA ¹	20.4	15.5	13.1	13.4	62.6	18.1
	YoY %	24.2%	-0.9%	8.4%	-33.2%	-2.8%	-11.2%
	Adj. EBITDA margin ¹	25.3%	21.0%	18.0%	17.5%	20.5%	24.3%
Marketing Solutions	Revenue	116.6	123.4	123.6	128.6	492.4	125.5
	YoY %	11.2%	10.3%	7.1%	7.9%	9.0%	7.7%
	Adj. EBITDA ¹	31.4	39.7	42.1	24.6	138.0	40.3
	YoY %	-7.9%	-3.0%	7.7%	-23.8%	-5.9%	28.5%
	Adj. EBITDA margin ¹	26.9%	32.2%	34.1%	19.2%	28.0%	32.1%
Others and Eliminations	Revenue	2.5	2.5	2.6	2.6	10.3	2.5
	YoY %	-14.7%	-13.7%	-1.0%	-11.5%	-10.4%	0.9%
	Adj. EBITDA	-9.3	-9.0	-8.8	-9.7	-37.0	-6.7
Total	Revenue	199.9	200.1	199.5	208.1	807.8	202.9
	YoY %	10.8%	8.1%	3.9%	2.5%	6.2%	1.5%
	Adj. EBITDA	42.5	46.2	46.4	28.4	163.6	51.7
	YoY %	35.7%	65.5%	47.1%	50.2%	49.0%	21.7%
	Adj. EBITDA margin	21.3%	23.1%	23.3%	13.7%	20.3%	25.5%
Staffing (In billions of yen)							
Japan	Revenue	186.1	184.0	193.4	187.9	751.6	200.2
	YoY %	12.7%	10.9%	10.9%	5.3%	9.9%	7.6%
Europe, US, and Australia	Revenue	215.2	222.2	240.2	204.8	882.6	222.3
	YoY %	-2.4%	-5.1%	-0.4%	-0.1%	-2.1%	3.3%
Total	Revenue	401.4	406.3	433.6	392.8	1,634.2	422.5
	YoY %	4.1%	1.5%	4.3%	2.4%	3.1%	5.3%
	Adj. EBITDA	26.7	25.3	32.5	13.2	97.9	28.6
	YoY %	-2.0%	-9.2%	9.2%	-22.9%	-4.2%	7.1%
	Adj. EBITDA margin	6.7%	6.2%	7.5%	3.4%	6.0%	6.8%

¹ Before allocation of corporate overhead costs.

Historical Consolidated and Staffing Constant Currency Revenue Results

(In billions of yen)	FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1
Consolidated Operating Results					
Reported	850.8	855.1	866.7	843.7	901.5
YoY %	0.9%	-2.7%	-1.5%	1.9%	6.0%
Constant currency	825.1	828.3	840.4	794.2	843.3
YoY %	-2.1%	-5.7%	-4.5%	-4.0%	-0.9%
Staffing					
Reported	401.4	406.3	433.6	392.8	422.5
YoY %	4.1%	1.5%	4.3%	2.4%	5.3%
Constant currency	390.3	390.6	417.9	370.5	397.9
YoY %	1.2%	-2.4%	0.6%	-3.4%	-0.9%
Staffing Europe, US, and Australia					
Reported	215.2	222.2	240.2	204.8	222.3
YoY %	-2.4%	-5.1%	-0.4%	-0.1%	3.3%
Constant currency	204.1	206.5	224.5	182.5	197.7
YoY %	-7.4%	-11.8%	-6.9%	-11.0%	-8.1%

Historical HR Technology Constant Currency Revenue Results

(In millions of USD)	FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1
Rest of World					
Reported	437	428	390	401	422
YoY %	-	-	-	-	-3.5%
Constant currency	-	-	-	-	428
YoY %	-	-	-	-	-2.1%
Total					
Reported	1,875	1,778	1,643	1,706	1,829
YoY %	-14.2%	-18.2%	-17.2%	-10.1%	-2.5%
Constant currency	1,879	1,759	1,631	1,717	1,855
YoY %	-14.1%	-19.1%	-17.8%	-9.5%	-1.1%

Number of Accounts Per SaaS Service¹

(In thousands of accounts)	FY2023				FY2024
	As of June 30	September 30	December 31	March 31	June 30
Registered account ²	3,350	3,460	3,600	3,770	3,910
YoY %	26.6%	22.2%	19.7%	18.0%	16.9%
AirPAY	417	430	450	475	491
YoY %	37.4%	30.9%	25.4%	20.5%	17.7%
Cross-use of AirPAY and other Air Business Tools ³	236	245	258	274	289
YoY %	25.7%	23.6%	22.5%	21.9%	22.4%

¹ The number of registered accounts retroactively reflects changes in counting methods due to product renewals and other factors.

² Cumulative number of registered accounts of paid and unpaid SaaS solutions provided by Matching & Solutions SBU in Japan. Registered accounts refer to the number of stores and business locations that have registered for each relevant service including both active and non-active accounts.

³ Cross-use of AirPAY and other Air BusinessTools accounts that use AirPAY and at least one of the following solutions: AirREGI, AirRESERVE, AirWAIT, AirSHIFT, or AirREGI ORDER.

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, climate change or other changes in the natural environment, the occurrence of large-scale natural disasters, 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.

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