

FAQs for Q2 FY2024

Recruit Holdings Co., Ltd.

Q1. Please explain the consolidated outlook for the second half of FY2024 and the guidance for FY2024.

We resolved it is appropriate to revise the consolidated guidance for FY2024 as below based on the actual results for the first half of FY2024 and the latest outlook for the second half of FY2024 as of November 11, 2024.

(In billions of yen)	FY2024 1H Actual	FY2024 2H Outlook	REVISED FY2024 Guidance (as of Nov. 2024)	ORIGINAL FY2024 Guidance (as of May 2024)
Revenue	1,798.7	1,670.0 - 1,750.0	3,468.7 - 3,548.7	3,300.0 - 3,500.0
YoY % change	+5.4%	-2.4% - +2.3%	+1.5% - +3.9%	-3.4% - +2.4%
Adjusted EBITDA	367.2	255.0 - 315.0	622.2 - 682.2	570.0 - 675.0
YoY % change	+11.9%	-5.6% - +16.6%	+4.0% - +14.0%	-4.7% - +12.8%
Operating income	269.7	173.0 - 233.0	442.7 - 502.7	390.0 - 500.0
YoY % change	+13.4%	+5.0% - +41.5%	+10.0% - +24.9%	-3.1% - +24.2%
Profit attributable to owners of the parent	222.4	140.0 - 185.0	362.4 - 407.4	315.0 - 400.0
YoY % change	+4.4%	-0.4% - +31.6%	+2.5% - +15.2%	-10.9% - +13.1%
Basic EPS (yen) ¹	145.64	94.00 - 125.00	239.64 - 270.64	206.00 - 260.00
YoY % change	+7.5%	+4.3% - +38.7%	+6.0% - +19.8%	-8.8% - +15.0%

¹ Number of issued shares and number of treasury stock for purposes of the FY2024 guidance calculations are as of October 31, 2024 on a delivery date basis.

The foreign exchange rate assumptions for the second half of FY2024 are 142 yen per US dollar, 157 yen per Euro and 98 yen per Australian dollar.

Q2. Please explain the outlook of each segment for the second half and full-year of FY2024.

HR Technology

In the second half of FY2024 in the US, the Company expects the number of job openings will continue to gradually decline as initially anticipated, but revenue is expected to increase compared to the prior year due to expected monetization improvements. However, as in previous years, revenue in Q3 FY2024 is expected to be impacted by the typical holiday seasonality in which hiring activities moderate. As a result, revenue in the US for the second half is expected to be lower than that for the first half of FY2024.

The outlook for the second half of FY2024 in Japan also reflects a slightly slower transition of the HR Solutions job advertising service to Indeed PLUS than initially expected.

Based on the results for the first half of FY2024 and the Company's outlook for the second half of FY2024, the Company has revised the FY2024 full-year outlook announced on May 15, 2024 as below.

	FY2024 1H Actual	FY2024 2H Outlook	REVISED FY2024 Outlook (as of Nov. 2024)	ORIGINAL FY2024 Outlook (as of May 2024)
Revenue (YoY on US dollar basis)				
US	-1.4%	+4.5%±	+1.4%±	-7.0% - +5.0%
Japan	+43.3%	+60.0%±	+52.1%±	+70.0%±
Rest of World	-0.0%	+13.0%±	+6.2%±	+2.0%±
Total	+1.8%	+6.5% - +14.5%	+4.1% - +7.9%	0.0% - +9.5%
Adjusted EBITDA margin (%)	36.5%	31.5% - 35.5%	34.1% - 36.0%	33.0% - 36.0%

The total amount of share-based payment expense in FY2024 is expected to be approximately 550 million US dollars, unchanged from the outlook announced on May 15, 2024.

Matching & Solutions

In the second half of FY2024, revenue in HR Solutions is expected to be negatively impacted as revenue from the full-time and part-time job advertising services of HR Solutions in Matching & Solutions continues to transfer to Indeed Japan through Indeed PLUS.

Regarding our job boards within the HR Solutions business in Matching & Solutions, the Company has decided to discontinue the “Pay Per Post” (PPP) advertising model by the end of FY2024, with the exception of Rikunabi, the new graduate recruitment support platform. From FY2025 onward, the Company will consolidate and integrate the job board operations in HR Solutions under Indeed PLUS within HR Technology.

The outlook for Marketing Solutions for the second half of FY2024 reflects the continued growth in new business clients in Beauty, the continued trend of high unit prices for lodging in Travel, and continued higher advertising prices per unit in Housing & Real Estate, similar to the first half of FY2024.

Based on the results for the first half of FY2024 and the Company’s outlook for the second half of FY2024, the Company has revised the FY2024 full-year outlook announced on May 15, 2024 as below.

	FY2024 1H Actual	FY2024 2H Outlook	REVISED FY2024 Outlook (as of Nov. 2024)	ORIGINAL FY2024 Outlook (as of May 2024)
Revenue (YoY)				
HR Solutions	-6.8%	-18.0% - -8.0%	-12.3% - -7.4%	-23.0% - -10.0%
Marketing Solutions	+7.8%	+3.0% - +9.0%	+5.4% - +8.4%	+1.5% - +9.0%
Total	+2.1%	-4.8% - +2.8%	-1.4% - +2.4%	-7.7% - +1.8%
Adjusted EBITDA margin (%)				
HR Solutions ¹	23.8%	13.0% - 18.0%	18.8% - 21.0%	16.0% - 19.0%
Marketing Solutions ¹	33.6%	25.0% - 28.0%	30.0%±	29.0% - 31.0%
Total	26.4%	16.5% - 20.5%	21.6% - 23.4%	20.0% - 23.0%

¹ Before allocation of corporate overhead costs.

Staffing

Based on the results for the first half of FY2024 and the Company’s outlook for the second half of FY2024, the Company has revised the FY2024 full-year outlook announced on May 15, 2024 as below.

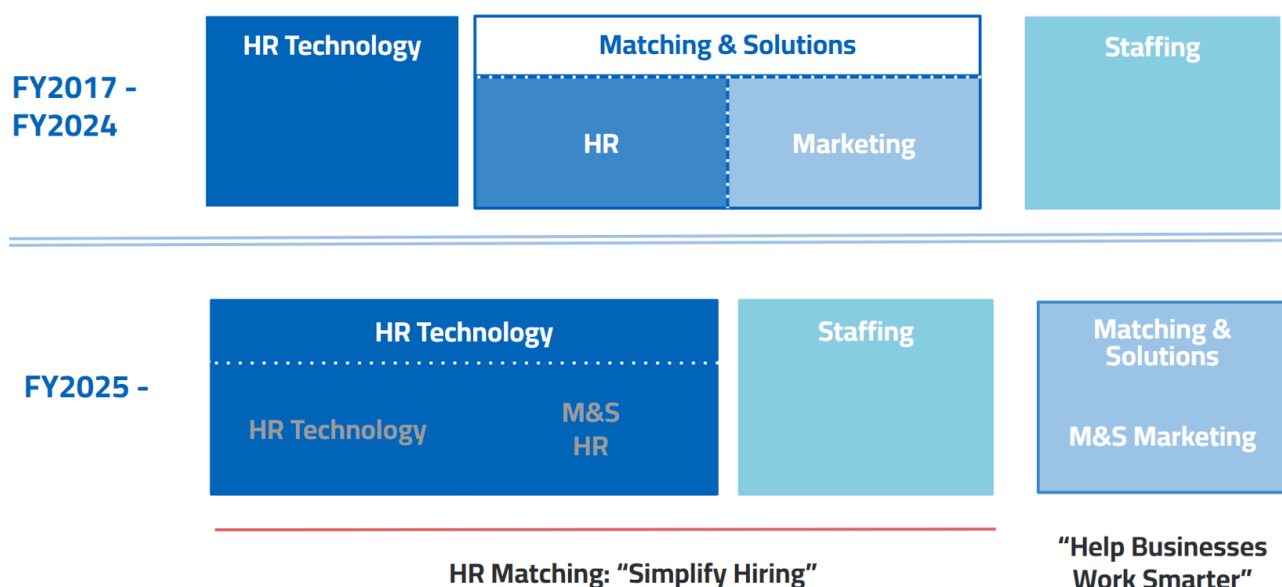
	FY2024 1H Actual	FY2024 2H Outlook	REVISED FY2024 Outlook (as of Nov. 2024)	ORIGINAL FY2024 Outlook (as of May 2024)
Revenue (YoY)				
Japan	+7.4%	+7.0%±	+7.2%±	+5.0%±
Europe, US, and Australia	+1.2%	-9.0% - -7.0%	-3.9% - -2.9%	-4.0% - -2.5%
Total	+4.0%	-1.6% - -0.5%	+1.2% - +1.7%	+0.1% - +0.9%
Adjusted EBITDA margin (%)	6.6%	5.2%±	5.9%±	5.5% - 6.0%

Q3. Please explain the revised definitions of the SBUs beginning in FY2025.

As communicated at the FY2023 full-year earnings call on May 15, the Company aims to further strengthen the collaboration between HR Technology and HR Solutions in Matching & Solutions to promote "Simplify Hiring" in Japan, the second largest global HR Matching market. Currently, this collaboration is primarily through Indeed PLUS, in which the job advertising service of HR Solutions in Matching & Solutions is transferring to HR Technology.

From FY2025, the HR businesses of the Matching & Solutions SBU will be integrated with the HR Technology SBU to further evolve toward promoting "Simplify Hiring".

The Company believes that by aligning its business strategy with its disclosed segments, the Company will be able to report the progress of our business evolution to capital market participants more clearly.



Q4. Please summarize and provide an update on the share repurchases announced on July 9, 2024 and the cumulative progress of share repurchases in FY2024.

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 on July 10, 2024 and 27.07 million shares for 246.5 billion yen on September 3, 2024 through ToSTNeT-3, as agreed with our Japanese business partner shareholders which intended to reduce their holdings of the Company's common stock.

In total, the Company repurchased 53.1 million shares for 478.5 billion yen² (79.76% of total purchase price) as of October 31, 2024, and plans to acquire the remaining 121.4 billion yen at the maximum by July 9, 2025 at the latest.

Together with the results of the share repurchases which were resolved on December 13, 2023 and completed on June 26, 2024, the Company has repurchased 65.4 million shares for 567.2 billion yen² in FY2024.

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

Q5. What are the latest labor market dynamics in the global HR Matching market?

While employer demand continued to gradually cool in many developed markets, the decline began leveling off in several nations, notably the US. Wage growth also largely stabilized after several years of declines, and showed signs of modest re-acceleration in the US and euro area. Inflation continued to fall worldwide (though not uniformly) and unemployment remained generally low (but slowly rising in some nations).

US

The US labor market remained strong, delivering broad job gains and meaningful wage increases while maintaining a sustainable balance between employer demand and worker supply. The Indeed US Job Posting Index, on a seasonally adjusted basis, hovered in a tight range between 11% and 13% above pre-pandemic levels since June. Annual posted wage growth as measured by the Indeed Wage Tracker also appeared to have stabilized at a solid level. After steadily rising throughout the spring and summer, the US unemployment rate fell in September as summer job gains were revised upward.

But while still on track, the US labor market's ongoing rebalancing toward a soft landing is also fragile. After briefly climbing in August to levels consistent with stable employment, US job openings as measured by the Bureau of Labor Statistics fell again in September to levels last seen during the depths of the pandemic. And layoffs, which remained low compared to historic averages, crept upward.

Overall, the data was mixed: Labor force participation is likely nearing its ceiling, hiring was sluggish and quits remained low. The ability of the US labor market to sustain positive momentum without further support from the Federal Reserve is not guaranteed.

Europe

In Europe, the German economy showed notable signs of weakness, with GDP contracting by 0.1% in the March-June period. Interest rate cuts by the European Central Bank are likely to support the euro area broadly, but may not prevent Germany from sliding into a shallow recession by the end of 2024. Private-sector surveys suggest a weak outlook for overall employment, but job postings remained high, at 33% above pre-pandemic levels.

Employer demand in the UK showed some signs of stabilizing after years of steady declines, but it leveled off almost 10% below pre-pandemic norms. Annual posted wage growth in the UK was steady at 6.7% in August, lower than the recent peak of 7% at the end of the second quarter but still considerably hotter than in the euro area (3.9%) and the US (3.3%) at the same time.

Japan

In Japan, there were no signs of a meaningful downturn, and employer demand remained consistently strong. As of August, the employment rate (ages 15 to 64) rose to 79.8%, an increase of 0.6 percentage points year on year, while the unemployment rate remained low at 2.5%. Reflecting the tight labor market, nominal wage growth remained high relative to historical norms (2.2% as of July, excluding bonus payments), although it still lagged inflation (core CPI was 2.7% in July). While the impact of the Bank of Japan's recent interest rate hikes has not yet materialized, their potential effects on labor demand are something to watch.

Q6. Please share the highlights of Indeed FutureWorks 2024.

Indeed FutureWorks 2024 was held from September 25 to 26, 2024 in Dallas, Texas, bringing HR industry and thought leaders together to share insights and inspiration to shape the future of work and hiring.

We want to highlight the following sessions:

- **Chris Hyams, Indeed CEO | The World Can Work Better**: Chris looked ahead to the future of better work — building on Indeed's 20-year legacy of helping all people get jobs.
- **Raj Mukherjee, Indeed EVP of Marketplace, Product/UX | Better Work Begins with Better Hiring**: Raj showcased Indeed's Smart Sourcing tool, which has been live since the beginning of the year, and the latest enhanced targeting and matched candidates features coming to the sponsored jobs product.
- **Chris Hyams, Indeed CEO + Sam Altman, OpenAI Co-founder & CEO [Pre-recorded] | The Future of Work: Powering Progress with AI**: Chris spoke with Sam Altman about AI's impact on society, creativity and the future of work and explained how Indeed's partnership with OpenAI is enhancing our AI-powered products.

Q7. Please summarize the progress of the Prosper Together strategic pillar.

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 have 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.)
- To accelerate its efforts toward the long-term goal of carbon neutrality across its entire value chain by FY2030, the Company set 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 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 has 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 our efforts to advance functions to promote inclusive and skill-first hiring and to strengthen partnerships with NGOs and NPOs, 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 has 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 during which 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/

The Company continues to be listed in all six ESG indices for Japanese equities adopted by the Government Pension Investment Fund (GPIF).

https://recruit-holdings.com/en/newsroom/20240828_0001/

Appendix

Historical Results of Operations by Each SBU

		Q1	Q2	FY2023			FY2024		
				Q3	Q4	FY	Q1	Q2	
Consolidated Operating Results (In billions of yen)									
Revenue		850.8	855.1	866.7	843.7	3,416.4	901.5	897.1	
YoY %		0.9%	-2.7%	-1.5%	1.9%	-0.4%	6.0%	4.9%	
Adj. EBITDA		165.9	162.2	158.2	111.9	598.3	179.0	188.1	
YoY %		8.9%	11.7%	14.4%	2.6%	9.8%	7.9%	16.0%	
Adj. EBITDA margin		19.5%	19.0%	18.3%	13.3%	17.5%	19.9%	21.0%	
HR Technology (In millions of USD)									
US		Revenue	1,317	1,231	1,129	1,162	4,841	1,251	1,260
YoY %			-18.6%	-23.5%	-21.3%	-13.1%	-19.3%	-5.0%	2.4%
Japan		Revenue	119	118	123	142	503	155	186
YoY %			-	-	-	-	29.3%	57.5%	
Rest of World		Revenue	437	428	390	401	1,659	422	443
YoY %			-	-	-	-	-3.5%	3.5%	
Total		Revenue	1,875	1,778	1,643	1,706	7,004	1,829	1,890
YoY %			-14.2%	-18.2%	-17.2%	-10.1%	-15.0%	-2.5%	6.3%
HR Technology (In billions of yen)									
US		Revenue	181.1	178.2	167.1	172.8	699.4	195.0	188.6
YoY %			-13.7%	-20.0%	-17.7%	-2.3%	-13.9%	7.7%	5.9%
Japan		Revenue	16.4	17.0	18.1	21.0	72.7	24.1	27.9
YoY %			-	-	-	-	46.5%	63.6%	
Rest of World		Revenue	60.2	61.9	57.7	59.6	239.6	65.8	66.4
YoY %			-	-	-	-	9.4%	7.2%	
Total		Revenue	257.9	257.2	243.0	253.5	1,011.8	285.1	283.0
YoY %			-9.1%	-14.4%	-13.4%	0.9%	-9.3%	10.6%	10.0%
Adj. EBITDA		98.1	92.1	80.7	73.3	344.3	100.2	107.0	
YoY %			2.7%	1.0%	2.4%	-4.4%	0.6%	2.2%	16.2%
Adj. EBITDA margin		38.1%	35.8%	33.2%	28.9%	34.0%	35.2%	37.8%	
Matching & Solutions (In billions of yen)									
HR Solutions		Revenue	80.8	74.1	73.1	76.8	305.0	74.8	69.5
YoY %			11.3%	5.5%	-0.8%	-4.9%	2.5%	-7.4%	-6.2%
Adj. EBITDA ¹		20.4	15.5	13.1	13.4	62.6	18.1	16.1	
YoY %			24.2%	-0.9%	8.4%	-33.2%	-2.8%	-11.2%	4.3%
Adj. EBITDA margin ¹		25.3%	21.0%	18.0%	17.5%	20.5%	24.3%	23.3%	
Marketing Solutions		Revenue	116.6	123.4	123.6	128.6	492.4	125.5	133.3
YoY %			11.2%	10.3%	7.1%	7.9%	9.0%	7.7%	8.0%
Adj. EBITDA ¹		31.4	39.7	42.1	24.6	138.0	40.3	46.6	
YoY %			-7.9%	-3.0%	7.7%	-23.8%	-5.9%	28.5%	17.3%
Adj. EBITDA margin ¹		26.9%	32.2%	34.1%	19.2%	28.0%	32.1%	35.0%	
Others and Eliminations		Revenue	2.5	2.5	2.6	2.6	10.3	2.5	2.7
YoY %			-14.7%	-13.7%	-1.0%	-11.5%	-10.4%	0.9%	5.7%
Adj. EBITDA		-9.3	-9.0	-8.8	-9.7	-37.0	-6.7	-6.5	
Total		Revenue	199.9	200.1	199.5	208.1	807.8	202.9	205.5
YoY %			10.8%	8.1%	3.9%	2.5%	6.2%	1.5%	2.7%
Adj. EBITDA		42.5	46.2	46.4	28.4	163.6	51.7	56.2	
YoY %			35.7%	65.5%	47.1%	50.2%	21.7%	21.7%	
Adj. EBITDA margin		21.3%	23.1%	23.3%	13.7%	20.3%	25.5%	27.4%	
Staffing (In billions of yen)									
Japan		Revenue	186.1	184.0	193.4	187.9	751.6	200.2	197.4
YoY %			12.7%	10.9%	10.9%	5.3%	9.9%	7.6%	7.2%
Europe, US, and Australia		Revenue	215.2	222.2	240.2	204.8	882.6	222.3	220.3
YoY %			-2.4%	-5.1%	-0.4%	-0.1%	-2.1%	3.3%	-0.9%
Total		Revenue	401.4	406.3	433.6	392.8	1,634.2	422.5	417.7
YoY %			4.1%	1.5%	4.3%	2.4%	3.1%	5.3%	2.8%
Adj. EBITDA		26.7	25.3	32.5	13.2	97.9	28.6	26.7	
YoY %			-2.0%	-9.2%	9.2%	-22.9%	-4.2%	7.1%	5.6%
Adj. EBITDA margin		6.7%	6.2%	7.5%	3.4%	6.0%	6.8%	6.4%	

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	Q2
Consolidated Operating Results						
Reported	850.8	855.1	866.7	843.7	901.5	897.1
YoY %	0.9%	-2.7%	-1.5%	1.9%	6.0%	4.9%
Constant currency	825.1	828.3	840.4	794.2	843.3	877.2
YoY %	-2.1%	-5.7%	-4.5%	-4.0%	-0.9%	2.6%
Staffing						
Reported	401.4	406.3	433.6	392.8	422.5	417.7
YoY %	4.1%	1.5%	4.3%	2.4%	5.3%	2.8%
Constant currency	390.3	390.6	417.9	370.5	397.9	408.0
YoY %	1.2%	-2.4%	0.6%	-3.4%	-0.9%	0.4%
Staffing Europe, US, and Australia						
Reported	215.2	222.2	240.2	204.8	222.3	220.3
YoY %	-2.4%	-5.1%	-0.4%	-0.1%	3.3%	-0.9%
Constant currency	204.1	206.5	224.5	182.5	197.7	210.6
YoY %	-7.4%	-11.8%	-6.9%	-11.0%	-8.1%	-5.2%

Historical HR Technology Constant Currency Revenue Results

(In millions of USD)	FY2023				FY2024	
	Q1	Q2	Q3	Q4	Q1	Q2
Rest of World						
Reported	437	428	390	401	422	443
YoY %	-	-	-	-	-3.5%	3.5%
Constant currency	-	-	-	-	428	441
YoY %	-	-	-	-	-2.1%	3.0%
Total						
Reported	1,875	1,778	1,643	1,706	1,829	1,890
YoY %	-14.2%	-18.2%	-17.2%	-10.1%	-2.5%	6.3%
Constant currency	1,879	1,759	1,631	1,717	1,855	1,893
YoY %	-14.1%	-19.1%	-17.8%	-9.5%	-1.1%	6.4%

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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