Slide 01

I am Junichi Arai, Senior Vice President - Corporate Strategy and Investor Relations of Recruit Holdings.

Slide 02

We will present the financial results for the third quarter of the fiscal year ending March 2025.

This quarter's key highlights include consolidated results for the third quarter of this fiscal year, revised full-year guidance for this fiscal year, HR Technology results for the third quarter and outlook for the fourth quarter, and an update on share repurchases.

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The consolidated results for the third quarter from October to December 2024 are as follows;

Consolidated revenue increased 3.5% year over year to 896.9 billion yen, almost flat compared to the second quarter. This was primarily driven by a 4.9% increase in US revenue for HR Technology on a US dollar basis, consolidated adjusted EBITDA margin was 20.0%, and Basic EPS was 80.10 yen.

Slide 04

Regarding our full year guidance;

Today, we have revised our FY2024 guidance range, which was updated in November, to a single figure, assuming that there will be no sudden deterioration in the economic environment through the end of the fiscal year.

This guidance is based on assumed exchange rates of 154 yen per US dollar and 159 yen per Euro for the fourth quarter.

We expect consolidated revenue to increase 4.2% to 3.56 trillion yen, consolidated adjusted EBITDA to increase 12.5% to 673 billion yen, and basic EPS to increase 18.1% to 267 yen.

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Next, I will discuss the Q3 performance and Q4 outlook for HR Technology.

US revenue for the third quarter on a US dollar basis increased 4.9% year over year to $1.18 billion, as the rate of increase in revenue per paid job ad exceeded the rate of decrease in the number of paid job ads. We continued to make progress on initiatives to improve monetization in the US market.

US revenue for the third quarter on a US dollar basis decreased 6.0% quarter over quarter as hiring activities moderated due to typical holiday seasonality, which was in line with our expectations explained in the last guidance revision.

Japan revenue for the third quarter, on a US dollar basis, increased 61.2% and 6.8% quarter over quarter, to $198 million, due to the continued transition of revenue from HR Solutions to Indeed

PLUS.

Rest of World revenue on a US dollar basis, increased 8.5%, or a decrease of 4.5% quarter over quarter, to $424 million.

For HR Technology overall on a US dollar basis, revenue increased 10.0%, or decreased 4.4% quarter over quarter, to $1.8 billion, or 275.4 billion yen.

Adjusted EBITDA margin in the third quarter increased 2.7 points to 35.9% due to continued cost controls, while increasing marketing investments.

Regarding the outlook for the fourth quarter, based on our view that the trend in job postings in the US labor market remains unchanged for the remainder of the fiscal year, on a US dollar basis, we expect US revenue to increase 4.5%, Japan revenue to increase 52.5%, Rest of World revenue to increase 4.0%, and for HR Technology overall, we expect revenue to increase 8.4%.

Adjusted EBITDA margin is expected to be 33.5%.

Slide 06

Finally, an update on the share repurchases.

Our company's largest share repurchase program to date, which began in July last year, was completed earlier this month, reaching the upper limit of 600 billion yen.

We will appropriately consider a new share repurchase program, taking into account our investment capacity, the current stock price level, market conditions, and the forecast of our financial position.

Combined with the shares repurchased through the previous share repurchase programs, as of the end of January this year, we will have acquired approximately 679 billion yen and approximately 75.8 million shares in FY2024.

Based on the revised full-year guidance disclosed today, the total payout ratio would be 177%, significantly exceeding our previous total payout ratios.

From here, I will talk about the results and outlook for each business segment.

Slide 08

First, I will talk about the results of HR Technology.

For the second half of this fiscal year, we are presenting the combined results of the third quarter and outlook for the fourth quarter, which I mentioned earlier.

On a US dollar basis, we expect US revenue to increase 4.7%, for HR Technology overall, revenue is expected to increase 9.2%, and adjusted EBITDA margin is expected to be 34.7%.

Slide 09

For the full-year outlook, we present the combined total of actual results through the third quarter and the outlook for the fourth quarter, on a US dollar basis, US revenue has been revised to increase 1.5%, Japan revenue has been revised to increase 50.3%, Rest of World revenue has been revised to increase 3.0%.

For HR Technology overall, revenue has been revised to increase 5.3%, and we expect adjusted EBITDA margin to be 35.6%.

Slide 10

Next, I will talk about the results of Matching & Solutions.

First in HR Solutions, in the third quarter, revenue in the placement service continued to grow steadily in a stable business environment.

On the other hand, in the job advertising service, while the transition of revenue to Indeed Japan as the integration with Indeed PLUS progressed, the pace of this transition was slower than we had expected at the beginning of the fiscal year. Overall revenue in HR Solutions decreased 13.6% to 63.2 billion yen.

Adjusted EBITDA margin in HR Solutions before allocation of corporate overhead costs decreased 0.6 points to 17.4%.

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For full-year outlook, revenue has been revised to decrease 10.0%, and adjusted EBITDA margin before allocation of corporate overhead costs has been revised to be 19.5%.

Slide 12

In Marketing Solutions, the business environment in Japan remained largely unchanged from the second quarter and revenue increased across each of the major verticals, including Beauty, Travel, Dining, and Housing & Real Estate. This led to a revenue increase of 7.4% to 132.8 billion yen.

In particular, revenue in Beauty increased due to continued growth in new business clients.

Additionally, revenue in Travel increased as the trend of high unit prices for lodging continued, and revenue in Housing & Real Estate continued to increase due to higher advertising prices per unit.

The SaaS business, represented by Air BusinessTools, is included in Marketing Solutions. During the third quarter, the number of SaaS accounts rose 16.1% to approximately 4 million.

Adjusted EBITDA margin in Marketing Solutions before allocation of corporate overhead costs was 34.6% driven by appropriate cost control, principally related to service outsourcing expenses.

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The full-year revenue outlook in Marketing Solutions has been revised to increase 7.8%, and adjusted EBITDA margin before allocation of corporate overhead costs is expected to be 30.0%.

Slide 15

Based on the outlook for HR Solutions and Marketing Solutions for the full-year, and including corporate overhead costs, the revenue outlook for Matching & Solutions has been revised to increase 1.0%.

And adjusted EBITDA margin for Matching & Solutions is expected to be 22.5%.

Slide 16

Lastly, for Staffing.

Segment revenue in the third quarter was 438.4 billion yen, an increase of 1.1% or a decrease of 0.4% on a constant currency basis.

Revenue in Japan was 208.4 billion yen, an increase of 7.8% due to an increase in the number of temporary staff on assignment due to continued growth in demand for staffing services.

Revenue in Europe, US, and Australia was 230.0 billion yen, a decrease of 4.2%, or a decrease of 7.0% on a constant currency basis as demand for temporary staffing services slowed against the backdrop of an uncertain economic outlook.

Segment adjusted EBITDA margin was 7.3%.

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For the full-year outlook, revenue in Japan is revised to increase 6.9%, and revenue in Europe, the US and Australia is revised to decrease 1.7%.

Adjusted EBITDA margin for the Staffing segment overall is expected to be 5.8%.

This concludes my presentation. Thank you.

[END]