

This is an edited version of the English translation of the Q1 FY2025 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 version. The Q&A session was translated from Japanese using an AI tool and subsequently edited for clarity.

**Recruit Holdings Q1 FY2025 Earnings Call**  
**August 5, 2025**

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**Side 01**

**Arai:** I am Junichi Arai and today I will be presenting the Recruit Holdings FY2025 Q1 Financial Results.

**Slide 02**

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 from Matching & Solutions.

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

To facilitate a comparison with our FY2025 segment outlook and results, we are presenting "FY2024 pro forma" segment financial data, which assumes the integration of these businesses had been in effect from April 1st, 2024. Unless otherwise noted, all comparisons are made against the same period of the previous year on a pro forma basis; comparisons with the previous quarter will be noted appropriately.

Additionally, starting this fiscal year, we have renamed our key financial metric, previously referred to as "Adjusted EBITDA", to "EBITDA+S".

And we will clearly distinguish between the two metrics by referring to the figure before adding back share-based payment expenses to EBITDA+S as "EBITDA."

**Slide 03**

Let me begin with key highlights from the FY2025 Q1 financial results;

First, regarding the consolidated results,

We will not be changing the consolidated business forecast for this fiscal year from the disclosure on May 9, at this time, taking into account the results of the first quarter, the workforce reduction in HR Technology announced on July 10 (U.S. time), and the current business environment.

As already communicated in the Tokyo Stock Exchange voluntary disclosure on July 11, the financial impact of HR Technology's workforce reduction has already been largely incorporated into the EBITDA+S outlook for HR Technology, which serves as an important component of the consolidated guidance.

The consolidated FY2025 Q1 results were broadly in line with our expectations. While signs of recovery in US job postings have yet to emerge and consolidated revenue declined by 2.5%, each segment, particularly MMT, focused on further improving productivity, resulting in the highest-ever quarterly EBITDA+S margin of 21.3%.

#### **Slide 04**

As for HR Technology, supported by continued improvements in monetization, on a US dollar basis, revenue in the US increased 0.9% year over year and, reflecting seasonal trends, increased 6.3% quarter over quarter.

Revenue in Japan decreased 4.4% year over year on a Japanese yen basis, and 4.3% quarter over quarter. This was primarily due to the impact of Indeed PLUS revenue on a net basis, as previously explained in May.

Segment EBITDA+S margin increased from the same period last year, reaching 35.0%.

#### **Slide 05**

In Staffing, Japan showed steady performance, whereas in Europe, the US, and Australia, revenue declined by 12.2%. As a result, segment revenue decreased by 3.4%, with segment EBITDA+S margin of 6.6%.

In Marketing Matching Technologies, revenue increased by 7.1% amid a stable business environment in Japan, while cost controls resulted in significant expansion of EBITDA+S margin to 31.6%.

Regarding the capital allocation measures, the share repurchase program with an upper limit of 450 billion yen initiated in March 2025 reached its maximum purchase limit significantly earlier than initially planned and was fully completed on June 18.

This was driven by two ToSTNeT-3 transactions executed in March and April totaling 98.5 billion yen, as well as effective progress in repurchases through an appointed securities dealer with transaction discretion, largely due to the stock price downturn in April.

Net cash and cash equivalents as of the end of June decreased to 563.5 billion yen, primarily due to the early completion of this share buyback program.

At this time, there is no change in our policy of reducing net cash to a level of approximately 600 billion yen by the end of March 2026.

Now, I will provide further details on these points.

#### **Slide 06**

As I mentioned earlier, we are not changing the full-year consolidated earnings forecast disclosed on May 9 at this time, considering the first quarter results, the reduction of approximately 1,300 employees in HR Technology announced on July 10 (U.S. time), and the current business environment.

While we do not expect a significant increase in revenue given the ongoing uncertainty in the labor market, particularly in the US, we aim to increase EBITDA+S by pursuing operational efficiency, and ultimately seek to increase basic EPS by also factoring in the effects of share buybacks.

As already communicated in the Tokyo Stock Exchange voluntary disclosure on July 11, the financial impact of HR Technology's workforce reduction has already been substantially factored into the EBITDA+S outlook for HR Technology, which was announced on May 9 and serves as an important component of the full-year consolidated guidance for this fiscal year. Therefore, we are not revising our consolidated guidance at this time.

Additionally, there are no changes from the May 9 forecast regarding profit attributable to owners of the parent and basic EPS.

#### **Slide 07**

To explain a bit further, the workforce reduction of HR Technology will positively impact our consolidated EBITDA and margin due to reduced employee benefit expenses. However, as I just noted, this was already factored into our May 9th full-year outlook for HR Technology, as part of operating expenses.

Additionally, while we expect share-based payment expenses to be lower than initially projected, the resulting impact on our consolidated EBITDA+S and its margin is limited, as these two effects largely balance each other out.

As a result, we have determined not to revise the current full-year consolidated EBITDA+S guidance of 697.0 billion yen, up 2.7% year over year, with a margin of 19.8%.

#### **Slide 08**

Regarding the Q1 consolidated results, they were broadly in line with our expectations at the beginning of the fiscal year.

While revenue in Marketing Matching Technologies increased, revenue in HR Technology grew on a US dollar basis but declined on a Japanese yen basis, and Staffing also saw a revenue decrease. As a result, total consolidated revenue decreased by 2.5% to 878.8 billion yen.

Gross profit decreased by 1.7% to 521.8 billion yen, with a gross margin of 59.4%, flat compared to the same period last year.

#### **Slide 09**

As a result of continued efforts to improve productivity, EBITDA+S was 187.1 billion yen, which is equal to an increase of 4.5%, resulting in the highest-ever quarterly EBITDA+S margin of 21.3% supported by margin expansion in MMT.

EBITDA increased 1.3% to 163.5 billion yen, and the EBITDA margin increased compared to the same period last year, reaching 18.6%.

#### **Slide 10**

Profit attributable to owners of the parent increased by 13.6% to 120.9 billion yen.

Basic EPS increased by 21.5% to 83.97 yen.

#### **Slide 11**

Now, I will explain the first quarter results for each SBU.

First, I will talk about HR Technology.

Segment revenue for Q1 FY2025 increased by 3.6% to 2.36 billion US dollars, compared to Q4 FY2024, revenue increased by 5.9%.

On a Japanese yen basis, segment revenue decreased by 3.8% to 341.7 billion yen, and increased by 0.4% compared to Q4 FY2024.

Indeed's real-time Hiring Lab data continued to show a gradual cooling in the US labor market, with relative resilience seen in sectors like healthcare, construction, and other in-person occupations.

During Q1 FY2025, the number of job advertisements on Indeed in the US, including both paid and unpaid job ads continued to decline, in line with our initial assumptions.

Even amid such conditions, while hiring demand from small and medium-sized businesses had shown particular weakness in March and April, we saw the trend in hiring demand among these employers improve late in Q1 as the US economic outlook improved.

Amid this environment, revenue in the US increased by 0.9% year over year to 1.26 billion US dollars, driven by ongoing development in monetization as the rate of increase in revenue per paid job ads more than offset the rate of decrease in the number of paid job ads.

Quarter over quarter, US revenue increased by 6.3% on a US dollar basis, supported in part by typical Q1 seasonality.

Revenue in Europe and Others grew by 12.6% to 476 million US dollars, which is a 11.8% increase compared to Q4 FY2024.

In addition to a weaker US dollar, the region benefited from strong performance in the UK, partially driven by a favorable comparison with the prior year.

For Japan, this was the first quarter following the integration of HR Solutions from Matching & Solutions, revenue in Japan was 90.2 billion yen, a 4.4% decrease broadly in line with our initial expectations including the impact of Indeed PLUS revenue on a net basis. Compared to Q4 FY2024, this represented a decrease of 4.3%.

## **Slide 12**

Segment EBITDA+S for Q1 was 119.4 billion yen, an increase of 1.4% and segment EBITDA+S margin increased to 35.0%. Segment EBITDA was 96.3 billion yen and segment EBITDA margin was 28.2%.

As Deko has previously communicated, our assumption remains unchanged that hiring demand in the US will continue to decline by approximately an additional 10% from the level at the beginning of this fiscal year, and is likely to bottom out in the second half of the year.

We are operating under the expectation that it will still take some time before job demand fully bottoms out.

## **Slide 13**

As for Staffing, segment revenue in Q1 decreased by 3.4% to 408.1 billion yen.

In Japan, revenue increased by 6.3% to 212.8 billion yen, driven by continued growth in demand for temporary staffing services and an increase in the number of temporary staff on assignment.

However, in Europe, US, and Australia, revenue declined by 12.2% to 195.3 billion yen, reflecting ongoing weakness in demand for temporary staffing services amid uncertain economic conditions.

Segment EBITDA+S decreased by 6.2% to 26.8 billion yen, resulting in a segment EBITDA+S margin of 6.6%.

## Slide 14

Next, I will discuss the results of Marketing Matching Technologies.

The business environment in Japan remained stable, with revenue growth across all three subsegments. Segment revenue increased by 7.1% to 136.8 billion yen.

Revenue in Lifestyle, which consists of Beauty, Travel, Dining, and SaaS solutions, increased by 9.7% to 70.1 billion yen.

In Beauty, revenue increased due to continued growth in new business clients. Revenue in Travel increased as the trend of high unit prices for lodging continued due to domestic travel demand during the Golden Week holidays and increased inbound tourism.

Revenue in Housing & Real Estate increased 3.7% to 37.5 billion yen, primarily due to higher advertising demand driven by an increase in the supply of existing condominiums.

Revenue in Others, which includes Car and Bridal, was 29.1 billion yen, an increase of 5.4%.

Segment EBITDA+S margin expanded 4.9 percentage points to 31.6% driven by appropriate cost control, principally related to service outsourcing expenses.

## Slide 15

Regarding our capital allocation measures:

The 450 billion yen share buyback program, which the Board of Directors resolved on February 28, 2025, was fully completed on June 18, reaching the maximum authorized amount.

The total number of shares repurchased was 55.6 million shares. 11.7 million shares were repurchased through two ToSTNeT-3 transactions for a total of 98.5 billion yen, and 43.8 million shares via market purchases through an appointed securities dealer with transaction discretion for 351.4 billion yen.

On March 24, 2025, we retired 85.9 million shares, equivalent to the number of shares repurchased over approximately the preceding year.

As of June 30, 2025, total issued shares were 1,563.9 million shares, of which approximately 4.9% were shares directly held by Recruit Holdings, and 3.7% represented trust holdings allocated for share-based payment expenses.

## Slide 16

Based on our consolidated earnings guidance disclosed on May 9 2025, shares repurchased as of June 30 this year, and the total share dividend amount expected in FY2025, the total payout ratio of this fiscal year is projected to be 84.5%.

Consolidated net cash as of June 30, 2025, decreased to 563.5 billion yen, less than half of the amount as of March 31, 2024.

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.

While considering options for strategic M&A, we will closely monitor changes in the economic and capital market environments, and, based on our company's financial outlook, we will assess whether or not to proceed with share repurchases.

This concludes my presentation.

### **Q&A session**

**Shen:** Now we would like to proceed to the Q&A session. If anybody has a question, please click on the Zoom raise hand button. Please unmute before asking your question.

Please limit your questions to one initial question and one follow-up per turn. With that, we'd like to begin the Q&A session.

First, Munakata-san from Goldman Sachs Securities, please go ahead.

**Munakata:** Thank you for the opportunity to ask a question. This is Munakata from Goldman Sachs. Since we're limited to one question, I'd like to ask about HR Tech. As was mentioned in the opening remarks, I believe a workforce reduction was announced.

I'd like to ask again about the background for that, whether it was a decision made in light of macroeconomic conditions, or if it's more about a shift in your internal approach to resource allocation, including the use of AI. And assuming the macro environment improves in the future, is it reasonable for us to assume that we won't see a drastic increase in headcount again? I'd appreciate your thoughts on that. Thank you.

**Arai:** Yes, thank you. As Deko mentioned back in May, we talked about how to make operations more efficient and productive, regardless of the environment. I believe that was the message at the time.

Since then, he returned as CEO of Indeed, and especially in the US, HR Technology is mainly US-based, as I've said repeatedly, regardless of how the environment changes, we're steadily moving forward with new initiatives for the future. In other words, we're working toward delivering good services and good content that users appreciate and choose to use, and through that, we're pushing forward with monetization. That's the phase we're in.

Within that, it's a matter of how we use opportunities effectively. We also talked about this in May. Back then, we said that around 30% of coding involved in creating new services had already been automated, and that's been progressing.

Of course, when we use external technologies, there are associated costs, like paying for those services. So as a company, the question becomes: how do we reduce costs and maintain efficiency?

And in that context, we're looking at how many people are actually necessary for future operations. What's the appropriate headcount? Should we be increasing headcount for new R&D, or decreasing it? How do we utilize automation? That's the context in which this decision came about.

So of course, if more headcount is needed to grow revenue, we'll add people. But within our current HR Technology framework, we're trying to figure out how to efficiently create new products through automation. Generally speaking, when revenue grows, you tend to need more people on the sales side, but in our current setup, the focus is on how to streamline development.

So this doesn't necessarily translate directly into revenue growth. As you know, we're not expecting strong revenue growth this year in HR Technology, especially in the US. And as you said, even if something changes and revenue suddenly jumps, whether we'd rehire the people we let go, given the reasons I just explained, I think that's unlikely.

**Munakata:** Understood very well. So even when developing new services, you're aiming for more efficiency. That's clear.

One follow-up question: I understood that this also means your monetization efforts are steadily progressing. Considering the external environment, I actually found HR Tech's Q1 US revenue on a dollar basis to be fairly resilient. I assume that your monetization initiatives, meaning higher unit prices, offset the volume decline.

Should we understand this as a continuation of the monetization efforts you explained back in Q4? Or has there been any update to that? I'd appreciate any clarification. Thank you.

**Arai:** At the moment, it's a continuation of what we discussed in May. I don't know, maybe we'll have something new to share at Indeed FutureWorks in September, or perhaps we'll talk more about enhancements.

But as of now, it's continuing along the same lines as what we explained previously.

**Munakata:** Understood. Thank you very much.

**Arai:** Thank you.

**Shen:** Next, Oum-san from Nomura Securities please go ahead.

**Oum:** This is Oum from Nomura Securities. Thank you.

I'd like to ask about the management structure of Indeed and Glassdoor. Will the current management members essentially continue in their roles for the long term, or is there a succession plan in place? Could you comment on the management structure?

**Arai:** If you're referring to Deko, I should mention that there's currently no "interim" title attached to his role. He himself sees this period as extremely important. Whether things go well or not at this time could make a big difference for the company. He's very close to the front lines, listening, making decisions daily.

I can't say what things will look like five or ten years from now, but at least for now, I don't think it's accurate to see him as just holding the position temporarily until someone new steps in. Rather, I think it's more appropriate to understand that he's fully committed and working hard to make these new initiatives for the future a success.

**Oum:** How about Glassdoor?

**Arai:** Regarding Glassdoor, as we discussed in July, it's been some time since the acquisition, but fundamentally, we're moving toward a deep integration with Indeed's operations. Within that framework, we aim to continue leveraging the unique strengths of Glassdoor and have them contribute to operations. That's the structure we're working with.

**Oum:** Thank you.

Sorry, one quick follow-up, regarding MMT, specifically on cost management. Are the biggest areas for potential improvement mainly in outsourcing costs? Or are there other cost items as well?

**Arai:** Broadly speaking, we're trimming whatever can be trimmed in various areas. Of course, at the same time, we're pursuing a strategy to grow revenue. For certain focus areas, we're taking that into account when considering what kind of team structure is best.

So in those areas, we think about the optimal structure by domain. It's basic, but we're trying to eliminate waste and stop doing things that aren't necessary, based on how we've spent money up until now. Just being thorough about that.

And on the other hand, we'll invest properly in areas we want to focus on, and we won't necessarily spend in areas that don't need it. By taking this kind of selective, well-prioritized spending approach, we believe that we can continue achieving the margin improvements we've previously discussed alongside revenue growth.

**Oum:** Thank you, Arai-san.

**Arai:** Thank you.

**Shen:** Since there are currently no hands raised, we'll wait a little bit. If you have a question, please raise your hand using the button.

**Oum:** As this is a valuable opportunity, I'd really appreciate being allowed a second round.

Earlier, you mentioned that automation has made significant progress in relation to the workforce reduction. Beyond automating parts of the coding workflow, is there anything else that has progressed that you could share with us?

**Arai:** Of course. I mentioned earlier in response to another question that we've been working on internal efficiencies. But at the same time, we're actually trying to create new services by leveraging those technologies effectively. So I don't think it's as simple as just reducing headcount wherever and whenever possible.

That said, at one point we significantly increased headcount, performance improved rapidly in the post-COVID rebound, and since then, we've done two rounds of reductions. This is now the third. And through that process, we've been constantly thinking: how do we build a leaner, more agile organization?

At the same time, as I mentioned earlier, automation has been progressing. So in that sense, I think we'll continue asking ourselves what the current "best" looks like. There may be areas where we continue hiring, while in other areas we push further with automation.

So it's not that I have specific examples right now of "we're doing this" or "we're doing that," but I think it's safe to say that our stance remains unchanged, we're always looking for what's optimal and trying to optimize accordingly.

I don't have a concrete answer like "this is the exact area," but the overall direction and policy remain the same.

**Oum:** Thank you.

Regarding the rollout of AI-driven services in the US, I'd like to ask: what are the key missing pieces needed to make that happen? Is it mostly a matter of your team doing enough R&D over time? Or would it require partnerships? Or maybe a combination of sourcing capabilities internally as well?

What do you think you'd need to get in order to launch more breakthrough AI services? If there's been internal discussion on this, I'd appreciate it if you could share.

**Arai:** We operate in what's known as a two-sided marketplace, so the question is: how do we improve the user experience for job seekers? And at the same time, how do we improve it for our clients?

By doing that, we can support more high-quality matches. And ultimately, that leads to advancing our monetization. We're aiming for an outcome where all three parties benefit: job seekers, clients, and us. So if even one piece is missing, that outcome isn't possible. That's why we're exploring: which parts can be automated? Which parts shouldn't be? What's technically feasible and what's not? We're moving forward while trying all kinds of things.

Of course, in an ideal world, we'd develop everything in-house, and if that's possible, that's great.

But on the other hand, if there's a solution developed by another company that we can use effectively, in an environment where data is well-protected, then maybe that lets us launch a better product faster than if we built it ourselves. If that kind of opportunity exists, I think we should absolutely go for it.

We're not in a position to lead the development of AI itself. What matters is how we use it effectively and how we integrate it into our business. That's where our focus lies.



So I expect we'll see a lot of things happening going forward, but the key, or "the trick," so to speak, is how we can create new value without being overly obsessed with building everything ourselves, yet also not relying too heavily on others.

That's the real challenge, I think.

**Omu:** Got it. Thank you very much.

**Arai:** Thank you.

**Shen:** Thank you very much. Next will be Munakata-san from Goldman Sachs Securities, please go ahead.

**Munakata:** Sorry for asking a second question. Thank you again.

I'd like to follow up once more on HR Technology segment. I believe you briefly touched on this at the beginning, but when looking at performance by region, I see relatively strong topline growth in Europe and Others, and I would like to understand the background and whether that growth is sustainable.

I recall that at the beginning of the fiscal year, you mentioned that regions outside the U.S. were a bit behind in terms of monetization, and that there would be more room to more easily improve. Could you clarify whether this recent growth is the result of that, or if there are other contributing factors behind it?

**Arai:** As you mentioned, we are approaching this with a slight time lag, so I think it's appropriate to consider the situation in the U.S. around last year as a reference point. In particular, within Europe, the UK was in a rather unfavorable state last year, so this year it's in recovery and in a better position. That said, while the growth rate looks significant in percentage terms, it's more of a recovery from a poor baseline rather than a sign that conditions are now exceptionally strong. In other words, the low starting point is amplifying the apparent growth, especially in Europe, as you pointed out, and partly due to the FX impact relative to the U.S. dollar.

From a business trend perspective, even if volume does not recover dramatically, if we can advance monetization to the point where it compensates for or even exceeds the volume shortfall, then I believe we could meet or even exceed our expectations for this fiscal year.

**Munakata:** Thank you.

On the other hand, regarding Japan, HR Technology in Japan, I understand well your explanation that things are progressing in line with expectations. However, we've recently had a few questions from investors wondering whether competitors might be gaining market share, or whether the penetration of Indeed PLUS is taking longer than expected.

To be frank, should we be concerned about such matters? I'd appreciate any comments or insights you can share on this.

**Arai:** What I mentioned back in May was that this year would not be about doing anything drastic or making major changes, but rather about stabilizing the new operations and preparing for a leap forward, most likely from next year onward. So, during this time, I do think it's possible that other companies may achieve higher performance or take a more aggressive approach.

But we're not letting that make us overly anxious. Instead, we're focusing on things like how to integrate operations that were previously separate, and how to get everyone aligned and moving in the same direction. Of course, we want to maintain our position as number one, so we know we need to work harder.

This year, the top priority is not about achieving flashy performance, it's about building stable operations. That's the overarching concept. We believe it's important to focus on that, and we also want to ensure we're taking a careful and thorough approach to how we serve our customers.

Naturally, there's a desire to achieve strong results right from the first year, but at the end of the day, these are operations run by people and it doesn't always go as planned. Many new people are coming into the field, and it's not like everything is fully stable and ready to go from Day 1.

We're carefully steering the ship through these early stages, the first three months, the first six months, and by the time the new year begins, I believe things will have settled and we'll be ready to really take off.

Personally, I have high expectations for how this operation will develop.

**Munakata:** I understand very well. So you're taking a steady, grounded approach while preparing for growth from next fiscal year onward.

In other words, things are going according to plan. Understood.

**Arai:** Thank you.

**Shen:** Thank you very much. Oiwa-san from Jefferies. Please go ahead.

**Oiwa:** Thank you for the explanation. This is Oiwa from Jefferies.

Regarding the SaaS business, could you share your assessment of AirPAY, including its contribution to profits?

**Arai:** We haven't historically disclosed a breakdown of profit margins by sub-area within each business, and even now, with the new MMT segment, we currently have no plans to disclose profitability figures for each area.

As for where the SaaS business sits in our strategic positioning, it falls under the area with more frequent transactions, in other words, Lifestyle. As we've explained before, the key question is how SaaS products and services can contribute to the broader Lifestyle subsegment, for example, Travel or Beauty.

SaaS is positioned to support revenue growth in those areas. So, rather than aiming to generate standalone profits from SaaS, it's more about driving the overall growth of the Lifestyle segment. In that sense, SaaS might be seen by some as a cost, but its most important role is to function as a growth enabler across the Lifestyle subsegment.

Thanks in part to the supportive macroeconomic environment, this area saw higher growth in Q1 than MMT segment overall.

So, if we can continue to drive adoption of these tools across more business clients, I think we'll be able to pursue higher total revenue, rather than focusing on whether margins are up or down. That's how we view our SaaS business, and I believe that's how it should be understood.

**Oiwa:** Thank you. I understand very well.

Is there any movement within the US Indeed business to gain wallet share from agency recruiters?

**Arai:** Are you referring to agency recruiters in the context of placement services?

As you know, the business model of placement services is somewhat different from the area where Indeed primarily operates. The key difference lies in how revenue is generated. So, we haven't reached the point where we are directly entering the placement business and taking market share from existing players.

From the client's perspective, it's more about how they allocate their budget. For example, what percentage goes to placement services, what percentage goes to advertising, and how much of the advertising budget is allocated to Indeed.

Within that overall wallet, there is naturally competition for share between us and other players or other types of services. However, the business models are different. One earns revenue on a success-based model, while the other, Indeed, earns revenue on an advertising-based model. So while there is competition within the client's budget allocation, it's not a direct, head-to-head competition due to the differing models.

That said, there could certainly be a secondary effect. If a client decides to allocate more of their budget toward advertising, then naturally some of that may flow to us. We do expect and welcome that type of outcome. But as of now, because of the business model differences, I wouldn't describe it as a direct battle with agency recruiters.

**Oiwa:** Yes, that makes perfect sense. Thank you very much.

**Shen:** Would anyone else like to ask a question? Munakata-san from Goldman Sachs, please go ahead.

**Munakata:** I'd like to ask about capital allocation. Your net cash position has now dropped below 600 billion yen, and as I recall, 600 billion yen by the end of next March was originally an ambitious target. So I take it that you've now reached that level ahead of schedule.

Previously, when we spoke, I believe you mentioned that there were some companies being specifically considered for M&A. Could you please give us an updated view on your current thinking regarding capital allocation going forward, including share buybacks and M&A? Thank you.

**Arai:** As of the end of June, we've settled at just over 560 billion yen, below the 600 billion yen mark. While our topline isn't growing dramatically, fortunately, our operations continue to generate ample cash.

If we don't proactively allocate that cash, it will just accumulate again. As I mentioned during the presentation, we'd like to land somewhere around that 600 billion yen area by the end of March.

Of course, if an acquisition occurs, that would naturally require spending. But M&A depends on timing and various business conditions, so if nothing materializes, then cash would accumulate again. If the business conditions are very uncertain, in which case holding more cash might be prudent, but if it is not the case, I believe another round of share buybacks might be an appropriate option at some point in the future.

That said, if our stock price surges dramatically for some reason, then it would prompt a different discussion: is a buyback still the best use of capital at that time? It's a matter of balancing factors like market conditions, our stock price, the business outlook for the coming year, where we want to invest, especially in the business itself, and the progress of any M&A activity.

So, considering these four or five possible uses of cash, our intention is to allocate it toward what will have the greatest impact, ideally something that contributes to long-term growth.

We don't see this current drop below 600 billion yen as a moment to say "mission accomplished" and stop thinking. Rather, we want to continue managing toward that 600 billion yen target throughout the fiscal year.

**Munakata:** That's very clear. Thank you.

**Arai:** Thank you very much.

**Shen:** Thank you very much to everyone. Finally, we will provide an announcement regarding Indeed's event scheduled for next month as Arai-san briefly mentioned earlier.

**Arai-san,** please go ahead.

**Arai:** We are pleased to announce this year's Indeed FutureWorks.

FutureWorks is Indeed's largest customer-focused conference, bringing together leading HR experts from around the globe to share insights on "the future of work and hiring."

This year's conference will be held in New Orleans on September 10 and 11, US local time, with a hybrid format combining both in-person and online participation, as in previous years.

Participants will have the opportunity to explore Indeed's latest products, as well as existing hiring solutions, through detailed product demonstrations, highlighting their practical benefits for corporate recruiters and their recruitment activities.

Portions of the event will also be available online. We encourage you to register in advance.

**Shen:** Thank you very much, everyone, for joining.

## **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.

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