May 15, 2024

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Year Ended March 31, 2024 (IFRS, Unaudited)

Tokyo, May 15, 2024 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the year ended March 31, 2024 (April 1, 2023 to March 31, 2024).

Consolidated Operating Results

(In billions of yen, unless otherwise stated)	FY2022	FY2023	% change
Revenue	3,429.5	3,416.4	-0.4%
Adjusted EBITDA	545.0	598.3	9.8%
Operating income	344.3	402.5	16.9%
% of revenue	10.0%	11.8%	-
Profit before tax	367.7	426.2	15.9%
Return on assets (%)	14.1%	14.4%	-
Profit attributable to owners of the parent	269.7	353.6	31.1%
% of total equity attributable to owners of the parent	18.0%	19.5%	-
Total comprehensive income	380.6	555.3	45.9%
Basic EPS (yen)	168.59	225.99	-
Diluted EPS (yen)	167.44	222.90	-
Adjusted EPS (yen)	199.35	241.11	20.9%

Reference: Share of profit (loss) of associates and joint ventures was 3.0 billion yen in FY2022 and (1.3) billion yen in FY2023.

Consolidated Financial Position

(In billions of yen, unless otherwise stated)	As of March 31, 2023	As of March 31, 2024
Total assets	2,793.2	3,144.6
Total equity	1,640.9	2,008.9
Equity attributable to owners of the parent	1,627.0	2,000.9
Ratio of equity attributable to owners of the parent (%)	58.2%	63.6%
Equity attributable to owners of the parent per share (yen)	1,030.33	1,295.40

Consolidated Cash Flows

(In billions of yen, unless otherwise stated)	FY2022	FY2023
Net cash flows from operating activities	438.1	535.3
Net cash flows from investing activities	(32.6)	(68.7)
Net cash flows from financing activities	(252.0)	(334.6)
Cash and cash equivalents at the end of the year	877.3	1,136.8

Dividends

(In yen, unless otherwise stated)	FY2022	FY2023	FY2024 (Forecast)
At the end of Q1	-	-	-
At the end of Q2	11.00	11.50	12.00
At the end of Q3	-	-	-
At the end of Q4	11.00	11.50	12.00
Total	22.00	23.00	24.00
Total amount of dividend payment (in billions of yen)	36.2	37.1	-
Payout ratio-consolidated (%)	13.0	10.2	-
Ratio of dividends to total equity attributable to owners of the parent (%)	2.3	2.0	-

Consolidated Financial Guidance for FY2024

(In billions of yen, unless otherwise stated)	FY2024 Full-year (Guidance)	Year over year % change
Revenue	3,300.0 - 3,500.0	-3.4% - +2.4%
Adjusted EBITDA	570.0 - 675.0	-4.7% - +12.8%
Operating income	390.0 - 500.0	-3.1% - +24.2%
Profit attributable to owners of the parent	315.0 - 400.0	-10.9% - +13.1%
Basic EPS (yen)	206.00 - 260.00	-8.8% - +15.0%

Please refer to page 12, 2. Consolidated Financial Guidance for FY2024 for more details.

Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation

SPHN (ACT) Pty Limited and SPHN Australia Pty Limited were excluded from this reporting period.

Changes in Accounting Policies and Changes in Accounting Estimates

There has been no change in: (1) accounting policies required by IFRS, (2) accounting policies other than the foregoing item (1), and (3) accounting estimates.

Number of Issued Shares - Common Stock

	As of March 31, 2023	As of March 31, 2024
Number of issued shares including treasury stock	1,695,960,030	1,649,841,949
Number of treasury stock[1]	116,844,804	105,201,121

	FY2022	FY2023
Average number of shares during the period	1,600,299,487	1,564,947,878

[1] The number of treasury stock 105,201,121 as of March 31, 2024 includes treasury stock held by the Company (50,413,104 shares) 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 (54,788,017 shares).

Definition of the Abbreviation

Abbreviation	Definition
Recruit Holdings, the Holding Company	Recruit Holdings Co., Ltd. on a standalone basis
the Company, Recruit Group, We, Our	Recruit Holdings Co., Ltd. and its consolidated subsidiaries
SBU	Strategic Business Unit
Q1	Three-month period from April 1 to June 30
Q2	Three-month period from July 1 to September 30
Q3	Three-month period from October 1 to December 31
Q4	Three-month period from January 1 to March 31
FY2022	Fiscal year from April 1, 2022 to March 31, 2023
FY2023	Fiscal year from April 1, 2023 to March 31, 2024
FY2024	Fiscal year from April 1, 2024 to March 31, 2025

Definition of the Financial Measures

Financial Measures	Definition
Adjusted EBITDA	Operating income + depreciation and amortization (excluding depreciation of right-of-use assets) + share-based payment expenses ± other operating income/expenses
Adjusted EPS	Adjusted profit / ((number of issued shares at the beginning of the period + number of issued shares at the end of the period)/2 - (number of treasury stock at the beginning of the period +number of treasury stock at the end of the period)/2)
Adjusted profit	Profit attributable to owners of the parent ± non-recurring income/losses (excluding non-controlling interests) ± tax reconciliation related to certain non-recurring income/losses
Non-recurring income/losses	Gains or losses from disposals of shares of associates, expenses relating to company restructuring, gains or losses from the sale or impairment of property and equipment, and income and expense items that the Company believes are unusual or non-recurring in nature which do not reflect the Company's underlying results of operations

Supplementary Information

- All comparisons in this report are year over year unless otherwise stated.

Average exchange rate during the period

	FY2022				FY2023			
(In yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
US dollar	129.73	138.27	141.38	132.42	137.49	144.63	147.86	148.63
Euro	138.26	139.26	144.26	142.16	149.58	157.32	159.06	161.33
Australian dollar	92.69	94.49	92.82	90.58	91.87	94.63	96.25	97.67

Reference: Outline of Non-consolidated Financial Results

Non-consolidated Operating Results

(In billions of yen, unless otherwise stated)	FY2022	FY2023	% change
Revenue	417.4	153.9	-63.1%
Operating profit	406.7	144.6	-64.4%
Recurring profit	406.3	139.4	-65.7%
Net income	410.4	126.1	-69.3%
Earnings per share – Basic (yen)	256.47	80.59	-
Earnings per share – Diluted (yen)	254.72	79.49	-

Non-consolidated Financial Position

(In billions of yen, unless otherwise stated)	As of March 31, 2023	As of March 31, 2024
Total assets	1,666.3	1,768.6
Net assets	926.7	879.7
Equity ratio (%)	55.5%	49.6%
Net assets per share (yen)	585.40	567.58

Reference: Equity was 924.4 billion yen as of March 31, 2023 and 876.7 billion yen as of March 31, 2024.

Earnings releases are not subject to review by a certified public accountant nor an independent auditor.

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, 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.

Note Regarding Reference Translation

This document has been translated from the Japanese language original for reference purposes only and may not be used or disclosed for any other purpose without the Company's prior written consent. In the event of any conflict or discrepancy between this translated document and the Japanese language original, the Japanese language original shall prevail in all respects. The Company makes no representations regarding the accuracy or completeness of this translation and assumes no responsibility for any losses or damages arising from the use of this translation.

Third-Party Information

This document includes information derived from or based on third-party sources, including information about the markets in which the Company operates. These statements are based on statistics and other information from third-party sources as cited herein, and the Company has not independently verified and cannot assure the accuracy or completeness of any information derived from or based on third-party sources.

U.S. Disclaimer – Unsponsored American Depositary Receipt ("ADR")

The Company does not support or encourage, and has not consented to, the creation of any unsponsored ADR facilities in respect of its securities and in any event disclaims any liability in connection with an unsponsored ADR. The Company does not represent to any depositary institution, bank or anyone nor should any such entity rely on a belief that the Web site of the Company includes all published information in English, currently, and on an ongoing basis, required to claim an exemption under U.S. Exchange Act Rule 12g3-2(b).

A full set of materials regarding FY2023 results announcement is posted on https://recruit-holdings.com/en/ir/financials/

Contact

Investor Relations
+81-3-3511-6383
Recruit_HD_IR@r.recruit.co.jp

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1. Management's Discussion and Analysis

Consolidated Results of Operations

The following table summarizes the consolidated financial results for the three months and fiscal year ended March 31, 2023 and 2024.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	% change	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024	% change
Consolidated operating results						
Revenue	827.7	843.7	1.9%	3,429.5	3,416.4	-0.4%
Operating income	19.4	55.7	186.3%	344.3	402.5	16.9%
Profit before tax	31.6	44.2	39.5%	367.7	426.2	15.9%
Profit for the period	22.3	34.0	52.6%	271.6	354.5	30.5%
Profit attributable to owners of the parent	22.1	34.2	54.4%	269.7	353.6	31.1%
Basic EPS (yen)	14.04	22.08	57.2%	168.59	225.99	34.0%
Management Key Performance Indicators						
Adjusted EBITDA	109.1	111.9	2.6%	545.0	598.3	9.8%
Adjusted EBITDA margin	13.2%	13.3%	-	15.9%	17.5%	-
Adjusted EPS (yen)	39.54	44.19	11.8%	199.35	241.11	20.9%

Consolidated revenue for Q4 FY2023 increased 1.9% as revenue in HR Technology, Matching & Solutions and Staffing all increased. Excluding the positive impact of exchange rate fluctuations of 49.5 billion yen, revenue decreased 4.0%.

Consolidated operating income for Q4 FY2023 increased 186.3% year over year compared to the same period in the previous year when the costs related to a workforce reduction in HR Technology of 17.6 billion yen were recorded.

Consolidated adjusted EBITDA margin for Q4 FY2023 was 13.3%, consolidated adjusted EBITDA increased 2.6% year over year, and adjusted EPS was 44.19 yen, an increase of 11.8% year over year.

For FY2023, consolidated revenue decreased 0.4%, or 4.1% excluding the positive impact of exchange rate fluctuations of 128.2 billion yen. Adjusted EBITDA margin was 17.5%, adjusted EBITDA increased 9.8% and adjusted EPS increased 20.9% to 241.11 yen.

The following table presents the selling, general and administrative expenses for the three months and fiscal year ended March 31, 2023 and 2024.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	% change	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024	% change
Sales commission	9.3	8.6	-7.5%	35.6	32.8	-7.8%
Promotion expenses	22.3	28.8	29.0%	78.8	76.7	-2.7%
Advertising expenses	64.1	64.5	0.6%	264.9	212.2	-19.9%
Employee benefit expenses	194.0	187.2	-3.5%	750.7	727.5	-3.1%
Service outsourcing expenses	60.8	64.7	6.3%	222.6	235.9	6.0%
Rent expenses	8.4	6.5	-22.9%	29.9	29.4	-1.6%
Depreciation and amortization	28.8	29.2	1.3%	117.3	112.4	-4.1%
Other	26.7	25.1	-6.2%	103.1	94.1	-8.7%
Total	414.9	414.9	0.0%	1,603.2	1,521.3	-5.1%

The following table presents the share-based payment expenses and research and development expenses for the three months and fiscal year ended March 31, 2023 and 2024.

(In billions of yen)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	% change	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024	% change
Share-based payment expenses[1]	21.6	15.1	-29.7%	72.7	79.3	9.2%
Research and development expenses[2]	60.2	55.5	-7.8%	168.9	154.8	-8.4%

[1] Included in employee benefit expenses.
[2] Consisted primarily of compensation expenses for engineering and other technical employees of HR Technology responsible for the development of new products and enhancement of existing products using new technologies, which is accounted for as employee benefit expenses.

Results of Operations by Segment

HR Technology

The following table presents the financial results for the three months and fiscal year ended March 31, 2023 and 2024 for the HR Technology segment.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	% change	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024	% change
Revenue						
US	176.9	172.8	-2.3%	812.7	699.4	-13.9%
Non-US	74.3	80.6	8.5%	303.4	312.3	3.0%
Total	251.3	253.5	0.9%	1,116.1	1,011.8	-9.3%
Adjusted EBITDA	76.7	73.3	-4.4%	342.3	344.3	0.6%
Adjusted EBITDA margin	30.5%	28.9%	-	30.7%	34.0%	-
Revenue in million US dollars ($)						
US	1,337	1,162	-13.1%	6,002	4,841	-19.3%
Non-US	560	543	-3.0%	2,241	2,162	-3.5%
Total	1,897	1,706	-10.1%	8,243	7,004	-15.0%

Revenue for Q4 FY2023 increased 0.9%. On a US dollar basis, revenue decreased 10.1%. The supply and demand mismatch between job seekers and employers continued to ease, particularly in the US. Total job postings on Indeed, composed of free and paid postings, declined year over year in the US and many other countries where HR Technology operates, while job seeker activity as measured by traffic to, and applies on, Indeed and Glassdoor increased year over year.

On a US dollar basis, revenue in the US decreased 13.1% driven by a decrease in demand for sponsored jobs year over year. Revenue outside of the US decreased 3.0%.

Adjusted EBITDA margin for Q4 FY2023 decreased 1.6 percentage points to 28.9%, primarily due to increased promotion and advertising expenses year over year.

For FY2023, revenue decreased 9.3% or 15.0% on a US dollar basis, adjusted EBITDA margin was 34.0%, and adjusted EBITDA increased 0.6%.

Matching & Solutions

The following table presents the financial results for the three months and fiscal year ended March 31, 2023 and 2024 for the Matching & Solutions segment.

(In billions of yen)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2024	% change	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024	% change
Revenue						
HR Solutions	80.8	76.8	-4.9%	297.4	305.0	2.5%
Marketing Solutions	119.2	128.6	7.9%	451.5	492.4	9.0%
Others and Eliminations	2.9	2.6	-11.5%	11.5	10.3	-10.4%
Total	203.0	208.1	2.5%	760.6	807.8	6.2%
Adjusted EBITDA	18.9	28.4	50.2%	109.8	163.6	49.0%
Adjusted EBITDA margin	9.3%	13.7%	-	14.4%	20.3%	-

Revenue in Matching & Solutions for Q4 FY2023 increased 2.5%.

Revenue in HR Solutions decreased 4.9%, as revenue from the job advertising service decreased, while revenue from the placement service increased.

Revenue in Marketing Solutions increased 7.9%. Revenue in the total of Beauty, Travel, and Dining combined with SaaS solutions including Air BusinessTools increased. Additionally, Housing & Real Estate and Others, which includes other services in Marketing Solutions, each increased.

Adjusted EBITDA margin in Matching & Solutions for Q4 FY2023 increased 4.4 percentage points to 13.7%. Adjusted EBITDA margin increased due to continued cost controls to improve productivity, and despite aggressive marketing efforts in Q4 FY2023 to prepare for the month of April, when consumer spending tends to be more active.

For FY2023, revenue increased 6.2%. Adjusted EBITDA margin was 20.3%, and adjusted EBITDA increased 49.0% year over year.

Matching & Solutions is working to improve clients' productivity and business results through their use of the Company's ecosystem of matching

platforms and SaaS solutions centered on Air BusinessTools. The current priority is to increase the number of SaaS accounts.

As of March 31, 2024, the number of SaaS registered accounts[1], the number of AirPAY registered accounts and the number of accounts using both AirPAY and another Air BusinessTools solution (cross-use) increased year over year, the details of which are presented in the following table. Revenue from Air BusinessTools is included in Marketing Solutions.

(In thousand of accounts)	FY2022				FY2023			
As of	June 30	September 30	December 31	March 31	June 30	September 30	December 31	March 31
Registered accounts[1]	2,640	2,830	3,000	3,200	3,350	3,460	3,600	3,770
YoY % Change	34.6%	35.7%	32.9%	30.4%	26.6%	22.2%	19.7%	18.0%
AirPAY	304	329	359	394	417	430	450	475
YoY % Change	32.8%	36.4%	37.8%	40.2%	37.4%	30.9%	25.4%	20.5%
Cross-use of AirPAY and other Air BusinessTools[2]	187	198	211	225	236	245	258	274
YoY % Change	29.0%	28.7%	28.1%	28.2%	25.7%	23.6%	22.5%	21.9%
AirWORK ATS[4]	449	524	594	639	658	672	682	718
YoY % Change	101.9%	97.5%	89.5%	68.3%	46.6%	28.4%	14.8%	12.4%

[1] 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.
[2] 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.
[3] The number of registered accounts retroactively reflects changes in counting methods due to product renewals and other factors.
[4] The number of AirWORK ATS accounts after removing the approximate number of duplicate accounts resulting from a version update of the product.

Staffing

The following table presents the financial results for the three months and fiscal year ended March 31, 2023 and 2024 for the Staffing segment.

(In billions of yen)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2023	2024		2023	2024	
Revenue						
Japan	178.4	187.9	5.3%	684.1	751.6	9.9%
Europe, US, and Australia	205.1	204.8	-0.1%	901.1	882.6	-2.1%
Total	383.6	392.8	2.4%	1,585.2	1,634.2	3.1%
Adjusted EBITDA	17.2	13.2	-22.9%	102.2	97.9	-4.2%
Adjusted EBITDA margin	4.5%	3.4%	-	6.5%	6.0%	-

Staffing Revenue by Region of *Europe, US and Australia* for FY2022 and FY2023[1] is as follows

(In billions of yen)	Fiscal Year Ended March 31,		% change
	2023	2024	
Revenue			
Europe[1]	430.8	442.5	2.7%
US[1]	273.0	244.0	-10.6%
Australia[1]	197.1	196.0	-0.6%
Total	901.1	882.6	-2.1%

[1] After consolidation adjustments.

Revenue for Q4 FY2023 increased 2.4%. Excluding the positive impact of exchange rate fluctuations of 22.3 billion yen, revenue decreased 3.4% with a decrease in revenue in *Europe, US, and Australia*.

Revenue in *Japan* increased 5.3% due to an increase in the number of temporary staff on assignment as demand for staffing services continued to grow year over year.

Revenue in *Europe, US, and Australia* decreased 0.1%. Excluding the positive impact of exchange rate fluctuations of 22.3 billion yen, revenue for Q4 FY2023 decreased 11.0% as demand for staffing services continued to slow down against a backdrop of an uncertain economic outlook.

Adjusted EBITDA margin for Q4 FY2023 was 3.4% as temporary staff recruitment costs and marketing expenses to acquire business clients increased.

For FY2023, revenue increased 3.1%, excluding the positive impact of exchange rate fluctuations of 64.8 billion yen, revenue for FY2023 decreased 1.0%. Adjusted EBITDA margin was 6.0%, and adjusted EBITDA decreased 4.2%.

The Outstanding Amount of Goodwill for each SBU as of March 31, 2024

The following table presents the outstanding amount of goodwill for each SBU as of March 31, 2024. Staffing recorded a goodwill impairment loss of 7.5 billion yen in the US in Q3.

(In billions of yen)	Goodwill for each SBU as of March 31, 2024
HR Technology	280.3
Matching & Solutions	-
Japan	-
Overseas	-
Staffing	230.2
Japan	27.8
Europe	187.6
US	11.3
Australia	3.3
Total	510.6

Management Actions for Q4 FY2023

Status of Share repurchases
The Company's Board of Directors resolved on December 13, 2023 to conduct a share repurchase of its common stock. The total number of shares to be repurchased is 46 million shares (maximum) (up to 2.83% of the total number of shares issued and outstanding (excluding treasury stock)), and the total purchase price is 200.0 billion yen (maximum). The repurchase period is from December 14, 2023 to July 17, 2024. Please find the resolutions and the latest status of share repurchases on the website:

“Recruit Holdings Announces Share Repurchase” released on December 13, 2023
https://recruit-holdings.com/en/newsroom/20231213_0001/

“Status of Share Repurchases” released on May 7, 2024
https://recruit-holdings.com/en/newsroom/20240507_0001/

Retirement of Treasury Stock
The Company’s Board of Directors resolved on March 19, 2024 to conduct the retirement of treasury stock pursuant to Article 178 of the Companies Act of Japan. The Company retired 46,118,081 shares on March 29, 2024, equal to the number of shares of treasury stock acquired from May 18, 2023 to March 15, 2024.

Please find more information on the website:
https://recruit-holdings.com/en/newsroom/20240319_0001/

Investor Update FY2023
The Company’s inaugural “Investor Update FY2023” event was held virtually over the course of 3 days beginning March 26, 2024. During the event, senior management, product leaders, and members of the Sustainability Committee presented the progress of the Company’s business strategies - Simplify Hiring, Help Businesses Work Smarter, and Prosper Together - as well as the latest product innovations.

Please find more details, including videos and an archive of the live event on the website:
https://investorupdate-fy23.recruit-holdings.com/en/

Capital Resources and Liquidity

Basic Policy

The Company's basic policy is to obtain funds from global financial markets through debt as necessary, while maintaining appropriate credit ratings and strong consolidated financial position, in order to secure liquidity required for smooth operations and to invest flexibly for its long-term business strategy that will lead to increasing its enterprise value.
The Company aims to maintain a sufficient level of shareholders' equity while achieving appropriate capital efficiency, in order to respond flexibly to investment opportunities for future growth while at the same time enhancing its ability to address possible risks relating to its business operations and assets.

Use of Capital

The Company allocates its capital mainly to working capital, corporate taxes, mergers and acquisitions, asset acquisitions and capital expenditures by its SBUs as well as repayments of borrowings, payment of interest, payment of dividends, and share repurchases.

Fundraising

The Company's primary source of liquidity for working capital and investments are cash flows from operating activities. However, the Company may consider and execute external financing when various conditions are deemed favorable, such as demand for funds, interest rate trends, repayment amount, redemption period of existing interest-bearing debt, amount to be raised, and financing structure.

For short-term working capital, the Company primarily utilizes borrowings from financial institutions and/or commercial paper. For mid- to long-term needs, the Company will raise funds mainly through borrowings from financial institutions and/or the corporate bond market. To maintain flexible financing capabilities, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which is unused as of March 31, 2024.

Additionally, the Company has entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital funds efficiently. The maximum amount of borrowings under these overdraft agreements is 113.0 billion yen as of March 31, 2024, and the entire amount remains unused. In addition, the Company entered into a committed credit facility agreement providing for a total commitment amount of 200.0 billion yen. The entire amount available under these credit facilities remains unused as of March 31, 2024. The Company maintains these overdraft agreements and credit facilities to ensure sufficient liquidity in the event of significant changes in the business environment.

Credit Ratings

The Company has long-term credit ratings of A from S&P Global Rating Japan, A3 from Moody's Japan, AA from Rating and Investment Information, Inc. (R&I), and AA+ from Japan Credit Rating Agency, Ltd. (JCR) as of March 31, 2024. The Company has short-term credit ratings of a-1+ from R&I.

Cash Management

In order to maximize overall capital efficiency, the Company prioritizes internal lending and borrowing within the Company over external financing, mainly through a cash management system, when it is legally permissible and economically reasonable to do so.

The Company maintains internal liquidity of cash and cash equivalents by consolidating the cash management operations of all currencies to the Holding Company and its subsidiaries, which provide internal treasury management services.

Fund Management

The Company invests only in principal-guaranteed financial instruments that are deemed safe and efficient, and does not engage in such investments for speculative purposes.

Policy of Strategic Shareholdings

In principle, the Company's policy is to reduce strategic shareholdings. The decision on whether or not to hold each company's stock is made based on a comprehensive assessment of the economic value of its stock, cost of capital, strategic importance, environment, social and governance (ESG) aspects, and other factors. The Board of Directors scrutinizes these shareholdings once a year and deliberates the reduction of these holdings if they do not meet the above criteria.

As of March 31, 2024, the total amount of strategic shareholdings held by the Holding Company and Recruit Co., Ltd. was 93.9 billion yen, which is 4.7% of the consolidated total equity.

	The Holding Company		Recruit Co., Ltd.	
	Unlisted	Listed	Unlisted	Listed
Number of issuers	3	12	3	4
Amount on the balance sheet (in millions of yen)	549	76,086	1,397	15,947

Analysis of Consolidated Financial Position

(In billions of yen)	As of March 31, 2023	As of March 31, 2024	Variance	% change
Assets				
Total current assets	1,465.3	1,762.7	297.4	20.3%
Total non-current assets	1,327.9	1,381.9	53.9	4.1%
Total assets	2,793.2	3,144.6	351.3	12.6%
Liabilities				
Total current liabilities	782.7	758.8	-23.8	-3.1%
Total non-current liabilities	369.5	376.8	7.3	2.0%
Total liabilities	1,152.3	1,135.7	-16.5	-1.4%
Equity				
Total equity attributable to owners of the parent	1,627.0	2,000.9	373.9	23.0%
Non-controlling interests	13.9	7.9	-5.9	-42.8%
Total equity	1,640.9	2,008.9	367.9	22.4%

Total current assets as of March 31, 2024 increased by 297.4 billion yen compared to the end of FY2022 mainly due to an increase in cash and cash equivalents from increased operating cash flows, despite the cash outflows for share repurchases implemented during FY2023.

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of March 31, 2024, and the entire amount remained unused. In addition, committed credit facilities with a total maximum borrowing amount of 200.0 billion yen, for which the Company entered into an agreement on September 29, 2023, remained unused as of March 31, 2024.

Also, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances in Japan, the full amount of which is unissued as of March 31, 2024.

The following table presents cash and cash equivalents, interest-bearing debt and net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents.

(In billions of yen, unless otherwise stated)	As of March 31, 2023	As of March 31, 2024	Variance	% change
Cash and cash equivalents	877.3	1,136.8	259.4	29.6%
Interest-bearing debt (excludes lease liabilities)	35.2	1.3	-33.8	-96.0%
Net cash	842.0	1,135.4	293.3	34.8%

Analysis of Consolidated Cash Flows

(In billions of yen)	As of March 31, 2023	As of March 31, 2024	Variance
Net cash flows from operating activities	438.1	535.3	97.1
Net cash flows from investing activities	(32.6)	(68.7)	(36.1)
Net cash flows from financing activities	(252.0)	(334.6)	(82.5)
Effect of exchange rate changes on cash and cash equivalents	54.3	127.5	73.2
Net increase (decrease) in cash and cash equivalents	207.8	259.4	51.6
Cash and cash equivalents at the beginning of the period	669.5	877.3	207.8
Cash and cash equivalents at the end of the period	877.3	1,136.8	259.4

Payments for the purchase of treasury stock in Q4 FY2023 and the twelve months ended March 31, 2024 amounted to 88.1 billion yen and 218.9 billion yen, respectively.

2. Consolidated Financial Guidance for FY2024

For FY2024, assuming that the business environment does not significantly deteriorate, the Company expects consolidated financial guidance as below based on the revenue assumptions for each segment.

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

	FY2023 Actual	FY2024 Guidance	% change
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 Guidance calculation are as of April 30, 2024 on a delivery date basis.

HR Technology

In FY2024, assuming no sharp deterioration in the economic environment, revenue on a US dollar basis is expected to range from flat to an increase of 9.5%. Revenue in the US is expected to range from a decrease of 7% to an increase of 5%, revenue in Japan is expected to increase approximately 70% as revenue partially transfers from HR Solutions in Matching & Solutions due to Indeed PLUS, and revenue in Rest of World[1] is expected to increase approximately 2%.

On a Japanese yen basis, revenue is expected to increase in a range from 0.6% to 10.1%.

Adjusted EBITDA margin is expected to be 33% to 36%.

The total amount of share-based payment expense in FY2024 is expected to be approximately 550 million US dollars.

[1] Rest of World includes all countries except for US and Japan

Matching & Solutions

In FY2024, assuming that the current business environment in Japan will continue and will not experience a sudden slowdown, revenue is expected to range from a decrease of 7.7% to an increase of 1.8%.

Revenue in HR Solutions is expected to decrease 10% to 23% as revenue from the full-time and part-time job advertising services will be transferred to Indeed Japan, while revenue in the placement service is expected to increase.

Revenue in Marketing Solutions is expected to increase 1.5% to 9.0% with a solid recovery and growth of the market post pandemic especially in Beauty, Dining, and Housing & Real Estate.

Adjusted EBITDA margin for Matching & Solutions is expected to be 20% to 23% as the Company focuses on improvements in efficiency while continuing to invest in SaaS solutions.

Staffing

Revenue in FY2024 for Staffing is expected to increase 0.1% to 0.9%.

Assuming that there is no rapid change in the business environment in FY2024, revenue in *Japan* is expected to increase approximately 5%.

As the labor market environment in Europe and the US, and its impact on the business is uncertain, revenue in *Europe, US and Australia* is expected to decrease 2.5% to 4.0%.

Adjusted EBITDA margin is expected to be in a range of 5.5% to 6.0% by continuing to focus on efficient operations.

3. Basic Policy on Profit Distribution and Dividends

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders in the form of dividends to be an important part of its capital allocation strategy. The Company strives to continuously pay stable per-share dividends considering its long-term cash needs and financial position.

The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

Total annual dividend for FY2023 is 23.0 yen per share, which consists of an interim dividend of 11.5 yen per share and a year-end dividend of 11.5 yen per share.

The Company basically declares dividends twice a year. Matters stipulated in Article 459, Paragraph 1 of the Companies Act of Japan, including cash dividends, are not resolved at the Annual Meeting of Shareholders, but at Board of Directors meetings, unless otherwise provided by laws and regulations.

Total annual dividend forecast for FY2024 is 24.0 yen per share, which consists of an interim dividend of 12 yen per share and a year-end dividend of 12 yen per share.

Resolution date at the Board of Directors meetings	Total dividend (In millions of yen)	Dividend per share (In yen)
November 8, 2023	18,723	11.5
May 15, 2024	18,393	11.5

4. Overview of the Company

The Company started in 1960 as a business providing job information to students by placing job advertisements for its clients in university newspapers in Japan. Since then, the Company has consistently created and operated matching platform businesses connecting individual users and business clients.

Currently, the Company provides individual users around the world the best possible choices and supports business clients in improving their operational efficiency by utilizing technology and data, all enabling simpler and faster matching.

In the course of connecting individual users and business clients, the Company positions data security and privacy, including the protection of individual users' privacy, as a material foundation for its corporate activities, and has established appropriate structures and measures to support that position.

The Company operates its businesses through each of its three Strategic Business Units ("SBU"s): HR Technology, Matching & Solutions and Staffing and has established respective SBU Headquarters in order to further reinforce global, swift decision making. This organizational structure enhances the management capabilities of each SBU Headquarters and enables each SBU Headquarters to execute its own strategy. At the same time, each SBU collaborates closely to achieve the Company's three strategic pillars: Simplify Hiring, Help Businesses Work Smarter, and Prosper Together. The SBU structure also enables the Holding Company to focus on and strengthen its holding company functions, including strategic planning and execution as well as group governance and monitoring. Through these positive aspects of the SBU structure, the Company aims to increase its enterprise value.

As of March 31, 2024, the Company had 227 subsidiaries and 8 associates.

Business Overview by Segment

HR Technology

HR Technology consists of Indeed, Glassdoor, and other related businesses.

Indeed and Glassdoor are online matching and hiring platforms where people can find jobs and learn about companies. Both Indeed and Glassdoor have missions that are aligned towards achieving success for job seekers - Indeed's mission is to help people get jobs and Glassdoor's mission is to make worklife better, together.

Indeed created the job aggregation and search model and is now transforming into a global two-sided talent marketplace. In doing so, Indeed has become the leading job site in the world[1], attracting 350 million Unique Visitors per month[2] and 3.5 million employers that come to Indeed to hire each year[3].

Glassdoor has reshaped the way people search for and evaluate jobs and companies, by increasing workplace transparency for job seekers by bringing together jobs with user-generated employer reviews, conversations, salaries and insights. As a result, Glassdoor has become the recognized leader on insights about jobs and companies, attracting 55 million Unique Visitors per month[4].

Indeed and Glassdoor offer a suite of tools to help job seekers find available job opportunities, post resumes and create profiles, research company information and reviews, and schedule and conduct video and phone interviews. For employers, Indeed and Glassdoor offer solutions to recruit and hire qualified talent in an easier and more efficient way. Employers can post and advertise jobs and build their company's employment brand across both platforms, reaching a broad and diverse job seeker audience.

In Japan, the Company aims to expand the job seeker audience further through Indeed PLUS, a job distribution platform which connects a network of Recruit Group job boards and job boards outside Recruit Group and ATSs.

Together, Indeed and Glassdoor provide an efficient source of candidates through AI based matching, pay-for-performance and subscription pricing models, and a range of products for employers to source, screen, interact with, and interview candidates. As a result, Indeed and Glassdoor partner to create a global two-sided talent marketplace where job seekers find jobs and employers find great talent.

[1] Source: comScore, Total Visits, March 2024
[2] Internal data, an average of each month's total of distinct cookie IDs visiting Indeed's site between October 2023 – March 2024
[3] Internal data, based on the last 12 months of activity as of March 2024
[4] Internal data based on Google Analytics, an average of each month's total of distinct cookie IDs visiting Glassdoor's site between October 2023 - March 2024

Matching & Solutions

Matching & Solutions consists of two businesses mainly in Japan, HR Solutions and Marketing Solutions. HR Solutions helps individual users find jobs and helps business clients' hiring activities across a variety of industries. Marketing Solutions offer matching platforms which connect individual users and business clients, and cloud-based Software as a Service ("SaaS") solutions.

Through these matching platforms and SaaS solutions, Matching & Solutions aims to create an "ecosystem" of solutions that support the operations of businesses in Japan to help improve their productivity and profitability.

HR Solutions

HR Solutions supports business clients' recruiting and hiring activities and individual users' job search activities through its job advertising services and placement services. The services include online matching platforms (including job boards of Rikunabi for new graduates,

Rikunabi NEXT for mid-career job seekers, and TOWNWORK for part-time job seekers), and placement services including Recruit Agent and RECRUIT DIRECT SCOUT. 6 job boards in HR Solutions including Rikunabi NEXT and TOWNWORK are linked to Indeed PLUS of HR Technology, which can reach up to 70% of users at the major job boards in Japan.

Marketing Solutions

Marketing Solutions consists of in the total of each of Beauty, Travel, Dining, and SaaS solutions, Housing & Real Estate and Others which includes other services in Marketing Solutions. The matching platforms for each industry include: SUUMO for Housing & Real Estate, Hot Pepper Beauty for Beauty, Jalan for Travel, Hot Pepper Gourmet for Dining, and Zexy for Bridal, among others. Most matching platforms generate revenue primarily from advertising while Travel and other services generate revenue from transactions. The pricing models vary according to the commercial practices and characteristics of each industry and are continuously updated to ensure they are optimally aligned with the operations of the Company's business clients in order to maintain long-term relationships with its business clients and maximize the lifetime value ("LTV") per client.

SaaS solutions

Matching & Solutions provides approximately 20 Air BusinessTools, such as AirPAY, a cloud-based payment service, AirREGI, a point of sale (POS) system, and AirWORK ATS, a centralized application management service as well as other SaaS solutions specialized for industries where Matching & Solutions operates online matching platforms. The current priority is to increase the number of SaaS accounts.

Staffing

Staffing consists of two major operations: *Japan* and *Europe, US, and Australia*. Staffing offers temporary staffing and other related services primarily for clerical, manufacturing, light industry and various professional positions across a multitude of industries. The Company selects appropriate temporary staff, based on the skills needed by clients, from a large pool of workers registered with the Company, and then provides those temporary staff to business clients.

Both *Japan* and *Europe, US, and Australia* operations implement the Unit Management System, which divides an organization into smaller units based on differences in the markets they serve. Each unit is regarded as a distinct company, and the Unit Manager is given authority to make decisions to maximize each unit's profitability.

In *Japan*, the Company has been licensed by the Minister of Health, Labour and Welfare in accordance with the provisions of the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers, and operates temporary staffing services primarily through Recruit Staffing Co., Ltd. and STAFF SERVICE HOLDINGS CO., LTD.

In *Europe, US, and Australia*, the Company offers services through RGF Staffing France SAS, RGF Staffing Germany GmbH, RGF Staffing the Netherlands B.V., RGF Staffing UK Limited, Unique NV as well as other companies in Europe, Staffmark Group, LLC and The CSI Companies, Inc. in the US, and Chandler Macleod Group Limited mainly in Australia.

Main Companies, Brands and Services for Each Reportable Segment

(As of March 31, 2024)

SEGMENT / SBU HEADQUARTERS	BUSINESS DESCRIPTION
HR Technology / RGF OHR USA, INC.	Global matching and hiring platform that offers advertising and other human resources matching solutions

SUBSIDIARIES	BRANDS AND SERVICES
Indeed, Inc. Glassdoor LLC	**Indeed** Online matching and hiring platform **Glassdoor** Online matching and hiring platform

SEGMENT / SBU HEADQUARTERS	OPERATION
Matching & Solutions / Recruit Co., Ltd.	**HR Solutions**

BUSINESS DESCRIPTION	BRANDS AND SERVICES
A variety of HR services mainly in Japan through online platforms and print media for job seekers and business clients.	**Rikunabi** Online matching platform for new graduates **Rikunabi NEXT** Online matching platform for mid-career job seekers **RECRUIT AGENT** Employment placement service for professionals **RECRUIT DIRECT SCOUT** Talent sourcing service for professionals **TOWNWORK** Online matching platform and print media for part-time and full-time job seekers

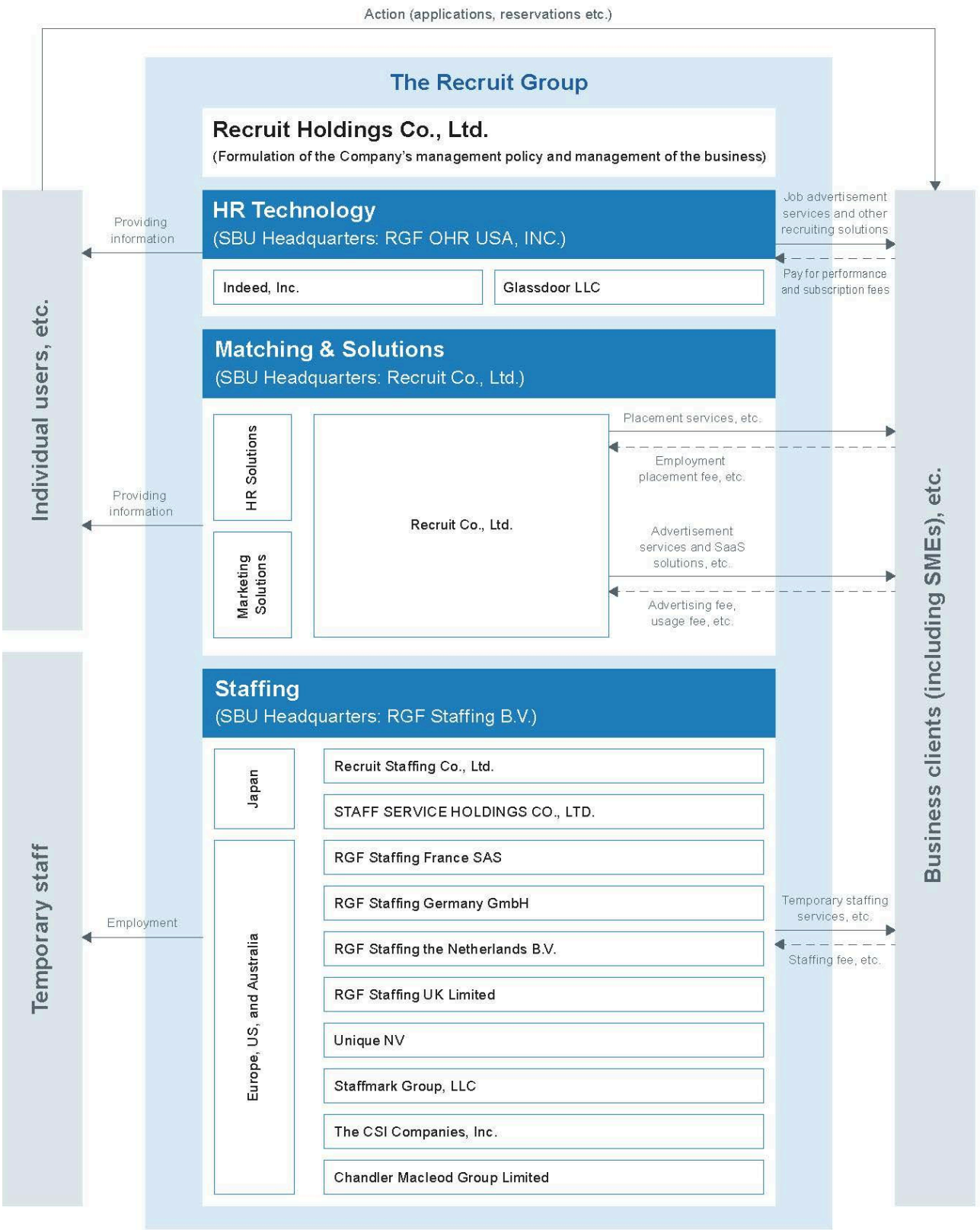
Marketing Solutions

BUSINESS DESCRIPTION	BRANDS AND SERVICES
Provides matching platforms in a variety of industries, such as Housing & Real Estate, Beauty, Travel, Dining, and others, to connect individual users and business clients. Offers cloud-based SaaS solutions to improve business clients' efficiency of operations.	**SUUMO** Online platform, print media, and in-person consultation service for housing and real estate **Hot Pepper Beauty** Online platform and print media for beauty treatment **Jalan** Online platform and print media for travel in Japan **Hot Pepper Gourmet** Online platform and print media for dining **Air BusinessTools** Cloud-based operational and management support solutions for business clients across an expanding variety of businesses

SEGMENT / SBU HEADQUARTERS	OPERATION
Staffing / RGF Staffing B.V.	**Japan** BUSINESS DESCRIPTION Staffing services in Japan SUBSIDIARIES Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD. **Europe, US, and Australia** BUSINESS DESCRIPTION Staffing services mainly in Europe, US, and Australia SUBSIDIARIES RGF Staffing France SAS RGF Staffing Germany GmbH RGF Staffing the Netherlands B.V. RGF Staffing UK Limited Unique NV Staffmark Group, LLC The CSI Companies, Inc. Chandler Macleod Group Limited

Since Recruit Holdings falls under the category of Specified Listed Company under the insider trading regulations, the criteria for determining the insignificance of material facts relative to the size of the Company with respect to insider trading regulations are decided based on the figures on a consolidated basis.

Operational Chart



5. Management Philosophy and Strategies

Management Philosophy

Recruit Group Management Philosophy is defined by its Basic Principle, Vision, Mission and Values as follows:

Basic Principle	We are focused on creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.
Vision	Follow Your Heart We envision a world where individuals and businesses can focus on what really matters. The more people are free to pursue their passions, the better our future becomes.
Mission	Opportunities for Life. Faster, Simpler and closer to you. Since our foundation, we have connected individuals and businesses offering both a multitude of choices. In this era of search where information has become available anytime anywhere, we need to focus more on proposing the optimal choice. We seek to provide “Opportunities for Life” much faster, surprisingly simpler and closer than ever before.

Values

Wow the World	Bet on Passion	Prioritize Social Value
What we do isn’t a job. We enjoy exploring what is possible for our future. We question the status quo, fail well and overcome with resilience. We are a force for change.	We are a team of people fueled by curiosity. We respect and capitalize on each other’s differences. We know that one person’s crazy idea, when backed by data and research, can become the best bet.	We, as global citizens, strive to contribute to a sustainable society through all of our corporate activities. Each one of us is committed to seeking out the needs of society and taking action for a better future.

The Company has developed a two-sided marketplace business model to align with its management philosophy. Through its platforms, the Company facilitates the best possible matches for the mutual benefit of both individual users and business clients.

In recent years, technological advancement has enabled the Company to improve matching efficiency, providing better matching outcomes for individual users and improving operational efficiencies for business clients.

Target Management Key Performance Indicators (KPIs)

The Company aims to invest in new businesses, research and development, and mergers and acquisitions (M&A) in order to achieve profitable growth over the long-term, and maximize enterprise value as well as shareholder value. Therefore, the Company has set adjusted EBITDA and adjusted EPS as target management KPIs.

Business Strategies

Recruit Group is committed to maximizing enterprise and shareholder value by quickly identifying needs and business opportunities in the global market and making swift decisions in response to the rapidly evolving business environment driven by technological advancements.

Through HR Technology, HR Solutions in Matching & Solutions and Staffing in the global HR Matching market as well as through Marketing Solutions in Matching & Solutions for Japan, the Company aims not only to provide online advertising businesses, but also to be a solutions provider that utilizes technology to improve the performance and productivity of clients’ businesses.

In an environment of significant uncertainty, the Company is committed to making a positive impact on society and the planet, which is essential to achieving sustainable growth. The Company aims to prosper together with all stakeholders by conducting all corporate activities with a sound governance foundation. Therefore, as part of the Company’s corporate strategy, the Company has set specific targets for environmental, social and governance (ESG) matters which will be monitored by the Board of Directors. The Company will advance these initiatives through ongoing dialogue with its stakeholders.

The Company's business strategies are as follows:

Simplify Hiring - ***Make it easier and faster for people to get jobs***

The HR Matching market includes job advertising & talent sourcing tools, direct hire, retained search, internal recruitment automation, and temporary staffing. The Company is committed to making it easier and faster for people to get jobs, while reducing the cost and time to hire for employers across the HR Matching market. To achieve the goal of Simplify Hiring, all HR related businesses across Recruit Group are working together to target the entire HR matching market.

The Recruit Group is dedicated to automating many of the steps in the hiring process and to enhancing the quality and speed of matching in all HR matching markets it operates in. The Company aims to leverage the vast amount of data available in each service combined with AI and machine learning technology to simplify the hiring process and deliver greater value to job seekers and employers. The Company's long term vision is to more quickly, effectively and fairly connect job seekers and employers at the push of a button[1].

At the center of this strategy, HR Technology SBU operates a global two-sided talent marketplace that includes the world's leading matching and hiring platforms[2], Indeed and Glassdoor. Every day, millions of job seekers connect with millions of employers of all sizes, from small businesses to large enterprises and staffing agencies, directly on Indeed and Glassdoor.

Job seekers can access more than 30 million jobs[3] that have been aggregated from public sources, posted via integrations with Applicant Tracking Systems ("ATS") or posted directly by employers to HR Technology's platforms and can access billions of company ratings, company reviews and salaries[4] to help them make informed job and career decisions. Job seekers are provided with a suite of tools and resources that make getting a job simple, fast and more human, including job search and recommendations, resume posting and profile creation, career advice, and scheduling and conducting video and phone interviews.

For employers, both Indeed and Glassdoor offer AI based solutions to recruit and hire qualified talent in a simpler, faster and more human way. Employers can post and advertise jobs and build their company's employment brand across both platforms, reaching a broad and diverse job seeker audience. Indeed and Glassdoor offer a range of products for employers to source, screen, interact with, and interview candidates and together they provide an efficient source of candidates through pay-for-performance and subscription pricing models.

The scale of the two-sided talent marketplace created by Indeed and Glassdoor is evidenced by the 3.5 million employers[5] that use Indeed each year to hire, 350 million Unique Visitors[6] that visit Indeed, and 55 million Unique Visitors[7] that visit Glassdoor each month to search for jobs, create resumes, research companies and participate in the hiring process. Through December 31, 2023 over 525 million verified job seeker profiles[8] have been created across HR Technology's sites.

Improving the matching process between job seekers and employers is vital to enhance the efficiency and effectiveness of the two-sided talent marketplace. This involves continuously refining the accuracy and timeliness of the information the Company uses, in conjunction with AI and machine learning technology, to provide the most suitable job recommendations and the most qualified candidate pool available. Additionally, an essential element of this effort is to increase engagement with job seekers in the Company's talent marketplace.

By logging in and creating a profile, job seekers provide the Company with a better understanding of their skills and preferences, enabling it to offer more personalized job recommendations that are highly relevant to them. This not only provides a superior user experience but also helps job seekers find suitable opportunities more efficiently.

Furthermore, the Company also believes that it is crucial to understand the factors that drive successful and unsuccessful outcomes for job seekers and employers. The Company's talent marketplace facilitates interactions between job seekers and employers, such as messaging, calls, application submissions, interview requests and RSVPs, offers, and more. Additionally, by expanding integrations with ATSs, the Company aims to improve matching by bringing outcome data from external ATSs into the Indeed platform. By tracking these interactions in the Company's marketplace throughout the hiring process, it gains valuable insights into why job seekers and employers progress from one step to the next.

The Company considers the measured average number of hires per minute[9] to be a Key Performance Indicator (KPI) that demonstrates its success in simplifying the hiring process. The Company believes this KPI indicates a successful engagement between job seekers and employers, which represents improvements in matching and automation, as well as improvements in employer engagement that help the Company measures more hires. In calendar 2023, based on internal measurement, an average of 23 job seekers were hired on Indeed and Glassdoor every minute.

The Company believes that by fully utilizing the Recruit group's business client relationships, offline and online data, combined with machine learning and AI technologies, the Recruit group's matching engine can be improved significantly, helping to simplify the process for job seekers and make recruiting more efficient across all of Recruit's HR related businesses.

As an example, Indeed PLUS, a job distribution platform available throughout Japan, efficiently matches job seekers and employers by combining the power of the Company's HR Technology platform with the data and insights of its various Japan-based HR Solutions of Matching & Solutions like TOWNWORK and Rikunabi NEXT. Six boards in HR Solutions are now linked to Indeed PLUS, allowing job seekers to choose from a wider range of jobs, and employers to expect to hire the most suitable talent more quickly and efficiently, from a larger pool of candidates by reaching up to 70% of users at the major job boards in Japan.

Additionally, RECRUIT AGENT and RECRUIT DIRECT SCOUT, the placement services in the Matching & Solutions SBU, utilize the Recruit group's matching engine to streamline processes like screening resumes, which used to be done manually. By combining the matching engine with the data and knowledge from more than 60 years of operating HR businesses in the Japanese market, the Company aims to accelerate its Simplify Hiring strategy in Japan.

Additionally, the Staffing SBU is focused on leveraging the technology developed within the Recruit Group, such as its unparalleled matching engine, to provide superior experiences for both business clients and temporary workers by applying data and automation to the traditional temporary staffing business. The Company aims to improve the speed and quality of matching, and increase retention of temporary workers and

automate manual processes with the ultimate goal of becoming the leading, most innovative platform in the temporary staffing market.

One example of this is the collaboration with HR Technology's app-based e-staffing marketplace, Indeed Flex, to provide access to available jobs, salary choice and schedule flexibility.

In 2023 the Company believes the HR Matching market contracted to roughly 302 billion US dollars[10] as labor markets, including employer and job seeker activities, adjusted and normalized.

HR Matching addressable markets (estimated)

(in billions of US dollars)	2022 as of May 15, 2023	2023
Job Advertising and Talent Sourcing[11,12]	32	31
Direct Hire [13,14]	61	58
Retained Search [13,14]	42	37
Temporary Staffing [15,16]	128	116
Internal Recruitment Automation [17,18]	64	60
Total Addressable Market ("TAM") [19]	**327**	**302**

Job Advertising and Talent Sourcing: The global online job advertising and talent sourcing market is estimated by the Company to have been roughly 29 billion US dollars[11] in terms of annual revenue in 2023. The global offline job advertising market, which the Company estimates was roughly 2 billion US dollars[12] in terms of annual revenue, is expected to continue to contract as a portion of the total job advertising and talent sourcing market as demand in this market flows into online channels.

Direct Hire: The direct hire market, where companies are paid fees for placing permanent workers at employers, is estimated by the Company to have been roughly 58 billion US dollars[14] in terms of annual revenue globally in 2023 and has historically been dominated by traditional relationship-based business models.

Retained Search: The retained search market, where companies are paid to search for employees to fill specific roles, commonly executive roles, is estimated by the Company to have been roughly 37 billion US dollars[14] in terms of annual revenue globally in 2023 and is similarly dominated by traditional relationship-based models.

Temporary Staffing: The temporary staffing market, where companies are paid to find and employ, or facilitate employment of, workers for a temporary period, is estimated by the Company to have been roughly 546 billion US dollars[16] in annual revenue globally in 2023. The total gross profit for all staffing companies, which is calculated by subtracting the amount of salary for temporary staff and related costs from the total revenue, is estimated by the Company to have been roughly 104 billion US dollars[16] in 2023. Additionally, the Company's definition of this market includes the estimated annual revenue globally in 2023 for each of the Talent Platforms[20], Staffing Platforms[21] and Vendor/Freelancer Management Systems ("VMS/FMS")[22] markets, and an estimated annual spending by employers on Managed Service Provider ("MSP")[23] and Recruitment Process Outsourcing ("RPO")[24] services that can be reasonably automated and monetized by third parties (including an estimated reduction from historical spending due to cost savings achieved through automation). Given the related nature of these markets and the frequency with which service providers offer some or all of these services, the Company believes that it is appropriate to combine these markets as part of the temporary staffing market. Including these new markets, the Company estimates that the temporary staffing market was roughly 116 billion US dollars globally in 2023. The Company sees near-term opportunities to introduce technology-driven solutions that create efficiencies by automating human-driven processes involved in traditional temporary staffing services and over the long-term seeks to transform the market through these solutions. The Company intends to explore the development of new and innovative solutions in temporary staffing and apply them to new and existing businesses to capture future opportunities by leveraging data and technology.

Internal Recruitment Automation: The potential internal recruitment automation market, which the Company has begun to address, is estimated by the Company to have been roughly 60 billion US dollars[18] in 2023. The size of this market is estimated based on the historical estimated spending by employers on internal talent acquisition resources, and then estimating how much of this spending can be reasonably automated and monetized by third parties (including an estimated reduction from historical spending due to cost savings achieved through automation). Additionally, in order to comprehensively capture the automation tools that are currently used by employers in the recruitment process, the Company's definition of this market includes the estimated annual revenue globally in 2023 for Applicant Tracking Systems ("ATS")[25] and an estimated annual internal spending by employees on Background Checks[26] that can be reasonably automated and monetized by third parties.

The **Direct Hire, Retained Search,** and **Internal Recruitment Automation** markets have historically been characterized as business processes and methods that are highly dependent on manual processes in order to source and screen candidates, schedule interviews, and disposition candidates. The Company is currently aiming to develop highly efficient solutions for recruiters, hiring managers, and business owners at lower prices compared to the industry average, using data and automation to make getting a job and hiring an employee simpler and faster. As a result, the Company aims to further grow the number of employers it serves and increase the share of employers' recruiting budgets that it can capture.

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1 The Company is aware there may be legal restrictions in this area and so will endeavor that the Company's work meets those requirements.
2 Source: comScore, Total Visits, March 2024
3 Daily average number of jobs searchable on Indeed, worldwide, CY 2023
4 Cumulative number of company ratings, company reviews and salaries submitted on Indeed (approximately 4 billion), worldwide, as of March 31, 2024
5 Internal data, based on the last 12 months of activity as of March 2024

[6] Internal data, an average of each month's total of distinct cookie IDs visiting Indeed's site between October 2023 - March 2024
[7] Internal data based on Google Analytics, an average of each month's total of distinct cookie IDs visiting Glassdoor's site between October 2023 - March 2024
[8] Internal data, cumulative number of verified job seeker accounts across HR Technology's sites through December 31, 2023. Job seeker accounts that have a unique, verified email address.
[9] Hires per minute is a calculation of hired signals per year on Indeed and Glassdoor, divided by minutes per year. A hired signal refers to the event when a specific job seeker is hired for a specific job on a specific date. Hired signals are counted either when an employer or job seeker explicitly communicates a hire occurred (e.g., via survey or web form) or when there is other clear evidence from Indeed and Glassdoor data that a hire occurred (e.g., from a resume or an Indeed message) and may not represent all hires facilitated by Indeed and Glassdoor.
[10] Sum of the estimated size of addressable markets for the job advertising & talent sourcing tools market, the direct hire market and the retained search market in terms of annual revenue, the estimated size of the addressable market for the internal recruitment automation market in terms of the amount of current expenses of employers for internal talent acquisition resources that could be reasonably automated and monetized plus the estimated size of the addressable market for the ATS market and the Background Checks market, and the addressable markets for the temporary staffing market in terms of annual gross profit plus the estimated size of the addressable markets for the Talent Platforms, Staffing Platforms, VMS/FMS, MSP, and RPO markets, in each case based on the Company's estimates and third party market data as described in the notes below.
[11] Estimated size of the global online job advertising and talent sourcing tools market calculated by adding together the revenue of HR Technology in the relevant year, the Company's estimates for revenue of competing job advertising boards in the Company's target operating markets in the relevant year based on third party reports and internal research, and the Company's estimates for annual revenue of the talent solutions business of LinkedIn in the Company's target operating markets in the relevant year based on publicly available information, sell side analyst models, and internal research.
[12] Estimated size of the global offline job advertising market derived based on the proportion of online to offline spending (excluding TV, cinema and radio advertising) in the overall advertising market in the relevant year based on third party reports and the estimated size of global online job advertising and talent sourcing tools market. The numbers in this chart are the sum of the global offline job advertising market and global online job advertising and talent sourcing tools market.
[13] Source for 2022: SIA, Global Staffing Market Estimates and Forecast: November 2022 Update. Placement & Search market is derived by applying 15%, which was Placement & Search's share of 2022 Global Staffing Revenue to 688 billion US dollars, which was estimated 2022 Global Staffing Revenue, derived by applying the estimated 2022 11% growth rate to the estimated 2021 market of 620 billion US dollars. Direct Hire Market is defined as a segment of Placement & Search Market, which in turn is a segment of Global Staffing Industry Market. Direct Hire Market segment was derived by applying SIA's Global Staffing Industry Market figure to country-by-country ratios of the relative proportion attributable to this segment within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Placement & Search Market not attributable to the Direct Hire Market and derived as the difference between these two segments.
[14] Source for 2023: SIA, Global Staffing Market Estimates and Forecast: November 2023 Update. Placement & Search market is derived by applying 15%, which was Placement & Search's share of 2023 Global Staffing Revenue to 640 billion US dollars, which was estimated 2023 Global Staffing Revenue, derived by applying the estimated 2023 -2% growth rate to the estimated 2022 market of 654 billion US dollars (estimate updated following the May 15th 2023 Earnings Release). Direct Hire Market is defined as a segment of Placement & Search Market, which in turn is a segment of Global Staffing Industry Market. Direct Hire Market segment was derived by applying SIA's Global Staffing Industry Market figure to country-by-country ratios of the relative proportion attributable to this segment within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Placement & Search Market not attributable to the Direct Hire Market and derived as the difference between these two segments.
[15] Source for 2022: derived by applying a gross profit margin of 19.85%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2022, to 585 billion US dollars, which was the revenue of the temporary staffing market in 2022 from SIA, Global Staffing Market Estimates and Forecast: November 2022 Update by applying the estimated 2022 11% growth rate to the restated estimated 2021 market of 527 billion US dollars.
[16] Source for 2023: derived by applying a gross profit margin of 19.30%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2023, to 544 billion US dollars, which was the revenue of the temporary staffing market in 2023 from SIA, Global Staffing Market Estimates and Forecast: November 2023 Update by applying the estimated -2% growth rate to the updated estimated 2022 market of 555 billion US dollars.
[17] Source for 2022: SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update. SIA's estimates are based on the assumption that 40% of historical spending on internal talent acquisition resources could be reasonably captured by current technology and that technology would result in 28% cost savings from historical spending. In the report, SIA notes given the challenges in making global estimates with incomplete information, and in estimating potential automation and savings, SIA advises readers to think of the estimated market size as a midpoint in a range with a 20% spread. This market estimate includes the addition of the ATS market and the Background Checks market.
[18] Source for 2023: SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2024 Update. SIA's estimates are based on the assumption that 41% of historical spending on internal talent acquisition resources could be reasonably captured by current technology and that technology would result in 37% cost savings from historical spending. In the report, SIA notes given the challenges in making global estimates with incomplete information, and in estimating potential automation and savings, SIA advises readers to think of the estimated market size as a midpoint in a range with a 20% spread. This market estimate includes the addition of the ATS market and the Background Checks market.
[19] As described above, the estimates of the job advertising & talent sourcing tools market, the direct hire market, the retained search market, the internal recruitment automation market and the temporary staffing market are based on internal estimates and independent market research in addition to third party market data. Accordingly, the estimates described above may differ materially from the actual size of such markets.
[20] The Talent Platforms market, where companies manage marketplaces that facilitate direct contingent work arrangements that enable a legal relationship between companies and workers, is estimated by the Company to have been roughly 2 billion US dollars in 2022 and 2023 in terms of annual revenue globally based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2024 Update, respectively.
[21] The Staffing Platforms market, where companies manage marketplaces that facilitate automated match of candidates with relevant temporary

assignments, is estimated by the Company to have been roughly 4 billion US dollars in 2022 and 2023 in terms of annual revenue globally based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (customer research commissioned by Indeed): January 2024 Update, respectively.

[22] The Vendor/Freelancer Management Systems ("VMS/FMS") market, where companies provide technology used to manage a company's contingent workforce program, is estimated by the Company to have been roughly 3 billion US dollars in 2022 and 2023 in terms of annual revenue globally based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (customer research commissioned by Indeed): January 2024 Update, respectively.

[23] The Managed Service Provider ("MSP") market, where companies provide services associated with management of all or part of a client's contingent workforce program through the use of automation, is estimated by the Company to have been roughly 1 billion US dollars in 2022 and 2023 in terms of annual spending by employers that can be reasonably automated and monetized by third parties based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (customer research commissioned by Indeed): January 2024 Update, respectively.

[24] The automated Recruitment Process Outsourcing ("RPO") market, where companies perform the partial or full internal recruitment function for a third party, from sourcing to onboarding through the use of automation, is estimated by the Company to have been roughly 3 billion US dollars in 2022 and 2023 in terms of annual spending by employers that can be reasonably automated and monetized by third parties based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (customer research commissioned by Indeed): January 2024 Update, respectively.

[25] The Applicant Tracking Systems ("ATS") market, where companies provides software and other tools to facilitate the tracking of applicants through different stages of the recruitment process, is estimated by the Company to have been roughly 2 billion US dollars in terms of annual revenue globally in 2022 and 2023 based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2024 Update, respectively.

[26] The Background Checks market, where companies use digitized methods to verify and vet applicants' background and credentials, is estimated by the Company to have been roughly 1 billion US dollars in terms of annual internal spending by employers that can be reasonably automated and monetized by third parties in 2022 and 2023 based on SIA, The Evolution of Recruiting: 2023 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update and SIA, The Evolution of Recruiting: 2024 Update to Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2024 Update, respectively.

Help Businesses Work Smarter - ***Improve performance and productivity for business clients in Japan***

Help Businesses Work Smarter aims to contribute to improving productivity and profitability of the Company's business clients in Japan, mainly led by Marketing Solutions in the Matching & Solutions SBU, which provides vertical matching platforms and associated vertical-specific business support SaaS solutions, as well as business support SaaS solutions called Air BusinessTools, which work across all verticals.

The Help Businesses Work Smarter strategy will be achieved by consolidating business clients' operations within a single ecosystem, consisting of vertical matching platforms, SaaS solutions, and the HR matching services.

In building this ecosystem, the Company has established key performance indicators (KPIs) including "the number of actions by individual users[1]," "the number of registered SaaS accounts[2]," and "the gross payment volume, GPV[3]."

The number of actions by individual users in FY2023 was approximately 480 million, an increase of 23.2% year over year. Actions by individual users includes the number of online reservations made on the Company's salon, restaurant, and lodging matching platforms and the total number of applications to job postings in the Company's HR matching platforms.

An increase in the number of actions in Marketing Solutions may translate into revenue growth for business clients, while in HR Solutions, it leads to an increase in matching opportunities between job seekers and business clients. By utilizing action data and matching technology, the Company aims to improve the convenience of its matching platforms and increase the number of actions across the entire Matching & Solutions SBU.

As of March 31, 2024 the number of registered SaaS accounts was approximately 3.77 million, an increase of 18.0% year over year. The availability of Air BusinessTools that are not restricted to any specific field, especially AirPAY, a cashless payment service, was a primary driver of the increase in the number of accounts. AirPAY extends the Company's services to new businesses outside its existing verticals, such as retailers. In addition, the number of new business clients who use AirWORK ATS, a recruitment management system increased.

The Company estimates that roughly 4.38 million[4] business locations and stores in Japan are potential users of Air BusinessTools. Assuming each business location uses multiple SaaS solutions, the Company believes there is still significant opportunity to expand. An increase in the number of registered accounts represents the expansion of its customer base. The Company expects the customer base of Air BusinessTools to continue to expand as business clients replace existing manual processes with SaaS solutions.

For FY2023, GPV reached approximately 1.8 trillion yen, an increase of 43.6% year over year. Apart from the increase in the number of AirPAY registered accounts, the growth in payment volumes is also due to the online payment service offered through AirPAY. The online payment service is now available for both Hot Pepper Beauty and Hot Pepper Gourmet, following its introduction on Jalan net. This service enables individual users to make online payments for their salon bookings and restaurant reservations, which enhances payment convenience for individual users, reduces lost revenue opportunities for business clients, and increases the amount of payment transaction volume flowing through the Company's ecosystem.

GPV is important for the future expansion of fintech services, which, when linked with Marketing Solutions, the Company believes will become a new potential source of revenue in the long term. Examples of fintech services include AirCASH, a service allowing business clients to receive cash in advance based on their future revenue and AirINVOICE, an invoice management service, allowing business clients to complete payments with smartphones.

By integrating vertical matching platforms in Marketing Solutions with Air BusinessTools SaaS solutions, the Company creates opportunities to engage with business clients across many business operation services. Additionally, incorporating HR matching services into the Company's offering will complete all business operations within its ecosystem, increasing the recurring use of its various products for business clients and ultimately resulting in greater lifetime value of both individual users and business clients.

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[1] The total of the number of applications on Rikunabi NEXT, TOWNWORK, and RECRUIT AGENT, the number of individual users who were referred to the Company's business clients at SUUMO Counter, the number of online reservation on Hot Pepper Beauty, the number of hotel bookings on Jalan, the number of seats reserved on Hot Pepper Gourmet, and the number of payments through AirPAY during the period from April 1, 2023 to March 31, 2024.

[2] Cumulative number of registered accounts of paid and unpaid SaaS solutions provided by Matching & Solutions SBU in Japan as of March 31, 2024. 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] Total gross payment volume of offline payments through AirPAY terminals, including QR code payments through AirPAY QR, and online payments through AirPAY ONLINE (Since the revenue generated from the payment processing fee the Company collects is based on a very small percentage of total gross payment volume, changes in total gross payment volume are not necessarily proportional to changes in its total revenue).

[4] The number of individual users retroactively reflects changes in counting methods due to product renewals and other factors.

[5] The Company estimated the number of business locations and stores that can be potential users of SaaS solutions provided by Matching & Solutions SBU as of March 31, 2024 in Japan by identifying the total number of business locations and stores of small and medium-sized enterprises in Japan (using the definition used by Small and Medium Enterprise Agency) based on the 2021 Economic Census for Business Activity conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry. Considering the solutions (including AirWORK ATS) provided by Matching & Solutions SBU in Japan as of March 31, 2024, the Company now believes it is possible to provide its SaaS solutions to all business locations and stores of small and medium-sized businesses regardless of the industry. Accordingly, the Company decided to count all such business locations and stores as potential users of its SaaS solutions. Matching & Solutions SBU continues to target potential users among small and medium-sized businesses as defined by Small and Medium Enterprise Agency based on the current major target for potential users of SaaS solutions.

Prosper Together - ***Seek sustainable growth shared by all stakeholders***

The Company believes that it can make a positive impact on society and the global environment through its corporate activities. And by doing so, the Company can prosper together with all of its stakeholders and take an essential step toward achieving sustainable growth. As the Company announced in May 2021, the environmental, social, and governance goals have become one of the strategic pillars of its corporate strategy. The progress the Company has made toward these goals is outlined below.

Environmental (E)

The Company anticipates achieving its short-term goal of reaching carbon neutrality throughout its business activities in FY2023, as it did in the past two fiscal years.[2,3] The Company's long-term goal is to achieve carbon neutrality across its entire value chain by FY2030.[2] In order to accelerate its efforts toward this long-term goal, the Company sets a three-year reduction target.[4] One particular focus was to substantially reduce Scope 3 emissions,[2,3] which account for more than 95%[5] 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 discussing reduction plans.

In recognition of the Company's 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.[6]

Social (S)

As a leader in the global two-sided talent marketplace, the Company has made two commitments to create a significant social impact, centered around its business in the area of work. Work is an indispensable foundation for people's lives, and therefore, the Company is dedicated to expanding employment opportunities for all and reducing the time to get hired.

In order to achieve the long-term goal of reducing the time it takes to get hired by half by FY2030, the Company accelerated its efforts by focusing on employers' "time to hire."[7] Time to hire can be measured at each step of the hiring process, up to and including the hire, by using Indeed data.

Currently, it takes an average of 55 days[8] to make the first hire for a job posted on the Indeed platform. An employer's hiring process includes posting a job, receiving applications from job seekers, reviewing resumes and conducting interviews. The Company uses Indeed data to understand this hiring journey and solve challenges throughout the process through product capabilities on its platform; thereby reducing time to hire.

For example, to reduce the time it takes for a candidate who is ultimately hired to find the right job for them, it is important to improve the matching between jobs and suitable candidates, and to facilitate faster connections between them through automation where possible. Indeed's product feature called "Matched Candidates"[9] uses Indeed's matching AI to provide a list of qualified candidates by combining data found in resumes and the details provided in the job posting.

It also allows employers to invite matched candidates to apply for a job, without having to wait for job seekers to act. As a result, out of the job seekers who responded to the invitations, more than half did so in less than 5 hours.[10] Based on this success, since April 2024, the Matched

Candidates feature became available to a wider base of business clients by being included in subscriptions of Smart Sourcing, a product enabling faster matching and a cohesive hiring experience.

The Company will continue to reduce the time it takes to get hired by evolving its products with responsible use of technology to improve the matching of job seekers and employers, by simplifying hiring through friction reduction at every step of the job search process and through automation.

All too often, traditional hiring practices have the unfortunate potential to reinforce systemic labor market biases and barriers that cannot be solved by speed and matching improvements alone. Therefore, the Company sets a goal of helping 30 million job seekers facing barriers get hired by FY2030. The Company has been working to break down five common barriers that affect job seekers globally, such as education, disabilities, and criminal records.[11]

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[12] in collaboration with international humanitarian aid organizations such as UNHCR[13] and TENT.[14] Some of its group companies in the Staffing business approached their corporate clients to bring on refugees and provided interpretation for interviews and translation tools to support refugee job seekers and workers.

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.[15] The Company will continue to work on reducing biases and barriers in the job market by promoting inclusive and skills-first hiring.[16]

The diversity of Recruit Group's employees has been the source of its value creation from the very beginning. Betting on the passion and ideas of employees has long been the Company’s competitive advantage. Therefore, the Company is working to achieve approximately 50% women’s representation in senior executive positions, managerial positions, and total employees within the Company by FY2030.[17] To accelerate the efforts, the Company has also set a three-year target.[18] It is working to expand the pool of management candidates by providing employees opportunities to expand their capacity and skills.

Recruit Co., Ltd, primarily operating in Japan where the gender gap is notably wide, is actively addressing this issue by implementing training programs tailored for women employees and managers.[19] Recruit also introduced a program that incorporates coaching methods. In this program, managers and inhouse coaches collaborate to support career building of employees, including women, by enhancing each employee’s intrinsic motivation.

Governance (G)

Diversity in the boardroom is also critical for high-quality decision-making, transparency, and soundness in a company’s governance structure. Recruit Holdings continues to enhance the diversity of skills, experience, and backgrounds of the board members.

In particular, Recruit Holdings commits to achieve approximately 50% women’s representation among the members of the Board of Directors and Audit and Supervisory Board by FY2030.[20] To achieve the goal, Recruit Holdings 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 Board of Directors has set mid-term targets over a three-year period for both GHG emissions reduction and gender parity, and Recruit Holdings has linked the achievement of these targets to a percentage of the long-term incentive compensation[21] for the executive directors and senior vice presidents in charge of driving and realizing the commitment.

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1 In this document, the term “FY” refers to Recruit Holdings’ Fiscal Year. “FY” refers to the 12-month period commencing April 1 of the year indicated, ending on March 31 of the following year.

2 GHG emissions throughout the Company’s business activities are the sum of direct emissions from the use of fuels in owned or controlled sources and are referred to as Scope 1. Indirect emissions from the use of purchased electricity, heat, or steam in owned or controlled sources are referred to as Scope 2 GHG emissions from the value chain are referred to as Scope 3, and comprise indirect emissions other than Scopes 1 and 2. The entire value chain represents the sum of Scopes 1, 2 and 3 GHG emissions. The Company aims to achieve carbon neutrality upon completion of the following steps: measurement of GHG emissions, obtaining an accredited third-party assurance on the amount of GHG emissions, and offsetting of those emissions.

3 All GHG emission figures are approximate numbers calculated based on the GHG Protocol. Additionally, independent third-party assurances have been obtained from SOCOTEC Certification Japan for GHG emissions.

4 The GHG emission reduction target is based on the results from FY2022 to FY2024.

5 Based on the emissions of FY2022.

6 CDP is a charity-controlled non-governmental organization (NGO) established in 2000. It owns one of the world's largest environmental databases, working with large global financial institutions to disclose the environmental impact of companies in the areas of climate change, forests and water security. In 2023, more than 400 companies were selected for the A-List out of approximately 23,000 companies that responded to environmental disclosure in the climate change sector. Of these, 111 were Japanese companies, including Recruit Holdings.

7 An employer metric defined as the days elapsed between when a job is created on Indeed and when the first hire is reported for that job. There is no change in the Company’s goal of “reducing the time it takes to get hired by half" by FY2030. The Company decided to accelerate its product advancement by identifying challenges in the process of hiring by using employer action data “Time to Hire” which can be measured on Indeed.

8 55 days is the mean time to hire (starts from a job creation and ends with the first hire) for measured hires on Indeed in December 2023. The calculation excludes a small portion of hires (approximately 1% of the all measured data) with durations greater than 720 days, which are a result of data collection anomalies, rather than true time to hire durations.

9 The Matched Candidates feature automates sourcing. In FY2023, Matched Candidates was available to employers who sponsored a job; in FY2024, Matched Candidates will be part of the integrated Smart Sourcing product. In FY2023, Matched Candidates was available in U.S., U.K., and Canada (English only).

[10] Data from April 2023 - March 2024, based on data from U.S., U.K., and Canada (English only) where Matched Candidates was available.
[11] In the United States, approximately 79 million people out of 330 million US population have a criminal record of some sort (source: Prison Policy Initiative, 2024), and the jobless rate of job seekers with a criminal record is approximately five times higher than the US average (source: Prison Policy Initiative, 2022).
[12] Refugee definition from the UNHCR: individuals who fled their own country to escape conflict, violence, or persecution and have sought safety in another country.
[13] UNHCR stands for United Nations High Commissioner for Refugees.
[14] TENT or Tent Partnership for Refugees is a nonprofit aiming to mobilize the business community to improve the lives and livelihoods of refugees all over the world.
[15] Represents number of hires made on Indeed reported from both job seeker and employer sources through the Hired Signal measurement, from May 1, 2021 - March 31, 2024 globally for job seekers who faced at least one of the following common job market barriers: education, criminal record, military experience, disability or lack of work essentials such as a computer or internet access. Job seekers with refugee backgrounds will be included in the count from FY2024.
[16] A method of selecting job candidates based on their skillset at an early stage of the hiring process. Unlike the traditional selection method, which first 'screens out' candidates based on their academic background, skills-first hiring 'screens in' candidates first by evaluating their skills. The aim is to allow employers to hire people with the right skills and abilities to perform their jobs, all in a shorter period of time.
[17] Senior executive positions are defined as Senior Vice Presidents and Corporate Professional Officers of Recruit Holdings and Matching & Solutions Strategic Business Unit (SBU), and CEOs of the Company's major subsidiaries and heads of key functions in the HR Technology and Staffing SBUs. The respective percentages of women in managerial positions and total employees are calculated from Recruit Holdings, SBU Headquarters and the primary operating companies of each SBU. Managerial positions mean those that have subordinate employees.
[18] The women's representation target for employees is based on the results from April 1, 2022 to April 1, 2025.
[19] This includes training programs such as "Career Cafe 28," which is offered to women employees around the age of 28 as a place to learn to identify their strengths and build their careers ahead of time, "Career Cafe Next Step," which also supports women employees in their 30s in demonstrating career ownership, and "Career Cafe for BOSS," which is for managers to learn about managing diverse talents.
[20] The Board of Directors members are defined as Directors and Audit and Supervisory Board members.
[21] Compensation based on ESG target achievements is set as a part of board incentive plan (BIP) trust (stock) compensation. Eligibility to receive this compensation and the payout amount will depend on whether or not the three-year target is achieved.

Capital Allocation Policy

The Company's capital allocation policy has the following priorities:

- Investment in product development and marketing expense for existing businesses for future growth
- Continuous payment of stable per-share dividends
- Strategic M&A mainly focused on HR Technology in the HR Matching Market
- Share repurchases, depending on the capital markets environment and the outlook of the Company's financial position

The Company focuses on achieving capital efficiency by focusing on ROE and applying a hurdle rate exceeding the cost of capital when evaluating each investment opportunity. ROE in FY2023 was 19.5%[1].

[1] ROE = Profit attributable to owners of the parent / average net asset for the fiscal year

6. Basic Rationale for Selection of Accounting Standards

The Company has been actively expanding its business globally, and in order to further accelerate global expansion in the future, the Company believes it is necessary to reinforce the infrastructure of the Company's operational management and to improve the ease of financial information comparisons for participants in global capital markets. Therefore, the Company adopted IFRS in place of Japanese GAAP at the start of FY2017.

7. Consolidated Financial Statements and Primary Notes

Consolidated Statements of Financial Position

(In millions of yen)	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	877,370	1,136,858
Trade and other receivables	527,558	549,814
Other financial assets	6,629	5,608
Other assets	53,784	70,462
Total current assets	1,465,342	1,762,744
Non-current assets		
Property and equipment	70,990	66,513
Right-of-use assets	185,036	170,366
Goodwill	462,977	510,638
Intangible assets	187,634	185,219
Investments in associates and joint ventures	26,967	26,841
Other financial assets	228,326	210,271
Deferred tax assets	161,301	203,482
Other assets	4,704	8,567
Total non-current assets	1,327,939	1,381,902
Total assets	2,793,281	3,144,646

(In millions of yen)	As of March 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	349,916	359,856
Bonds and borrowings	33,845	374
Lease liabilities	41,167	44,248
Other financial liabilities	408	541
Income tax payables	70,122	37,679
Provisions	9,876	17,214
Other liabilities	277,442	298,965
Total current liabilities	782,777	758,879
Non-current liabilities		
Borrowings	1,429	1,020
Lease liabilities	178,513	175,488
Other financial liabilities	495	556
Provisions	12,068	15,059
Net liability for retirement benefits	61,244	64,943
Deferred tax liabilities	107,617	111,610
Other liabilities	8,185	8,186
Total non-current liabilities	369,554	376,866
Total liabilities	1,152,332	1,135,746
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	33,754	-
Retained earnings	1,711,350	1,884,258
Treasury stock	(432,612)	(407,049)
Other components of equity	274,517	483,714
Total equity attributable to owners of the parent	1,627,010	2,000,922
Non-controlling interests	13,939	7,977
Total equity	1,640,949	2,008,900
Total liabilities and equity	2,793,281	3,144,646

Consolidated Statements of Profit or Loss

(In millions of yen, unless otherwise stated)	For the Year Ended March 31, 2023	2024
Revenue	3,429,519	3,416,492
Cost of sales	1,432,643	1,451,961
Gross profit	1,996,875	1,964,530
Selling, general and administrative expenses	1,603,242	1,521,355
Other operating income	4,559	7,388
Other operating expenses	53,888	48,036
Operating income	344,303	402,526
Share of profit (loss) of associates and joint ventures	3,013	(1,356)
Finance income	25,385	55,930
Finance costs	4,936	30,859
Profit before tax	367,767	426,241
Income tax expense	96,096	71,645
Profit for the year	271,671	354,596
Profit attributable to:		
Owners of the parent	269,799	353,654
Non-controlling interests	1,872	942
Profit for the year	271,671	354,596
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	168.59	225.99
Diluted earnings per share (yen)	167.44	222.90

Consolidated Statements of Comprehensive Income

(In millions of yen)	For the Year Ended March 31, 2023	2024
Profit for the year	271,671	354,596
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	11,188	5,396
Remeasurements of defined retirement benefit plans	378	(1,704)
Share of other comprehensive income of associates and joint ventures	(37)	126
Subtotal	11,529	3,819
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	97,415	197,045
Effective portion of changes in fair value of cash flow hedges	10	(63)
Subtotal	97,425	196,981
Other comprehensive income (loss) for the year, net of tax	108,955	200,801
Comprehensive income for the year	380,626	555,397
Comprehensive income attributable to:		
Owners of the parent	377,977	553,909
Non-controlling interests	2,649	1,488
Total comprehensive income	380,626	555,397

Consolidated Statements of Changes in Equity

For the Year Ended March 31, 2023

	Equity attributable to owners of the parent						
					Other components of equity		
(In millions of yen)	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of changes in fair value of cash flow hedges
Balance at April 1, 2022	40,000	20,640	1,464,947	(298,457)	34,682	101,909	52
Profit for the year			269,799				
Other comprehensive income						96,949	10
Comprehensive income for the year	-	-	269,799	-	-	96,949	10
Transfer from other components of equity to retained earnings			11,217				
Purchase of treasury stock		(281)		(152,065)			
Disposal of treasury stock		13,140		17,909	(31,458)		
Dividends			(34,614)				
Share-based payments					72,370		
Equity transactions with non-controlling interests		255					
Transactions with owners - total	-	13,114	(23,396)	(134,155)	40,912	-	-
Balance at March 31, 2023	40,000	33,754	1,711,350	(432,612)	75,595	198,859	63

	Equity attributable to owners of the parent					
	Other components of equity					
(In millions of yen)	Net change in financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined retirement benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2022	-	-	136,644	1,363,776	12,518	1,376,294
Profit for the year			-	269,799	1,872	271,671
Other comprehensive income	10,839	378	108,177	108,177	777	108,955
Comprehensive income for the year	10,839	378	108,177	377,977	2,649	380,626
Transfer from other components of equity to retained earnings	(10,839)	(378)	(11,217)	-		-
Purchase of treasury stock			-	(152,347)		(152,347)
Disposal of treasury stock			(31,458)	(407)		(407)
Dividends			-	(34,614)	(828)	(35,443)
Share-based payments			72,370	72,370		72,370
Equity transactions with non-controlling interests			-	255	(399)	(144)
Transactions with owners - total	(10,839)	(378)	29,695	(114,742)	(1,228)	(115,971)
Balance at March 31, 2023	-	-	274,517	1,627,010	13,939	1,640,949

For the Year Ended March 31, 2024

	Equity attributable to owners of the parent						
						Other components of equity	
(In millions of yen)	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of changes in fair value of cash flow hedges
Balance at April 1, 2023	40,000	33,754	1,711,350	(432,612)	75,595	198,859	63
Profit for the year			353,654				
Other comprehensive income						196,612	(63)
Comprehensive income for the year	-	-	353,654	-	-	196,612	(63)
Transfer from other components of equity to retained earnings			3,705				
Purchase of treasury stock		(104)		(218,812)			
Disposal of treasury stock		23,720		48,543	(70,750)		
Retirement of treasury stock		(195,832)		195,832			
Transfer from retained earnings to share premium		149,074	(149,074)				
Dividends			(35,377)				
Share-based payments					83,397		
Equity transactions with non-controlling interests		(10,613)					
Transactions with owners - total	-	(33,754)	(180,746)	25,563	12,647	-	-
Balance at March 31, 2024	40,000	-	1,884,258	(407,049)	88,242	395,471	-

	Equity attributable to owners of the parent					
	Other components of equity					
(In millions of yen)	Net change in financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined retirement benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2023	-	-	274,517	1,627,010	13,939	1,640,949
Profit for the year			-	353,654	942	354,596
Other comprehensive income	5,409	(1,704)	200,254	200,254	546	200,801
Comprehensive income for the year	5,409	(1,704)	200,254	553,909	1,488	555,397
Transfer from other components of equity to retained earnings	(5,409)	1,704	(3,705)	-		-
Purchase of treasury stock			-	(218,917)		(218,917)
Disposal of treasury stock			(70,750)	1,514		1,514
Retirement of treasury stock			-	-		-
Transfer from retained earnings to share premium			-	-		-
Dividends			-	(35,377)		(35,377)
Share-based payments			83,397	83,397		83,397
Equity transactions with non-controlling interests			-	(10,613)	(7,450)	(18,064)
Transactions with owners - total	(5,409)	1,704	8,941	(179,997)	(7,450)	(187,447)
Balance at March 31, 2024	-	-	483,714	2,000,922	7,977	2,008,900

Consolidated Statements of Cash Flows

(In millions of yen)	For the Year Ended March 31, 2023	2024
Cash flows from operating activities		
Profit before tax	367,767	426,241
Depreciation and amortization	122,044	117,481
Share-based payment expenses	72,706	79,368
Interest and dividend income	(18,758)	(41,410)
(Increase) decrease in trade and other receivables	(43,117)	10,459
Increase (decrease) in trade and other payables	57,573	(5,114)
Other	(23,315)	62,235
Subtotal	534,901	649,262
Interest and dividends received	16,833	41,489
Interest paid	(4,091)	(5,364)
Income taxes paid	(109,450)	(150,024)
Net cash provided by operating activities	438,193	535,362
Cash flows from investing activities		
Payment for purchase of property and equipment	(22,025)	(11,137)
Payment for purchase of intangible assets	(54,731)	(58,792)
Proceeds from sales of investments in associates and joint ventures	39,531	-
Other	4,548	1,140
Net cash used in investing activities	(32,676)	(68,789)
Cash flows from financing activities		
Repayments of long-term borrowings	(24,959)	(12,912)
Redemption of bonds	-	(20,000)
Repayments of lease liabilities	(45,318)	(46,802)
Payment for purchase of treasury stock	(152,454)	(218,928)
Dividends paid	(34,638)	(35,374)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(18,694)
Proceeds from settlement of derivatives	5,866	16,528
Other	(554)	1,536
Net cash used in financing activities	(252,060)	(334,648)
Effect of exchange rate changes on cash and cash equivalents	54,362	127,563
Net increase (decrease) in cash and cash equivalents	207,818	259,488
Cash and cash equivalents at the beginning of the year	669,551	877,370
Cash and cash equivalents at the end of the year	877,370	1,136,858

Going Concern Assumption

Not applicable.

Notes to Consolidated Financial Statements

1. Operating Segments

(1) Overview of Reportable Segments

The Company's operating segments are components of the Company for which discrete financial information is available and whose operating results are reviewed regularly by the Board of Directors to decide on the allocation of operating resources and to assess business performance. The Company has three operating segments by type of business, HR Technology, Matching & Solutions, and Staffing, which are also the reportable segments.

HR Technology consists of two operations, US and non-US. Matching & Solutions consists of two operations, HR Solutions and Marketing Solutions. Staffing consists of two operations, *Japan*, and *Europe, US and Australia*.

(2) Information on Reportable Segments

Segment profit (loss) denotes adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) + share-based payment expenses ± other operating income/expenses).

Revenue from external customers in Adjustments includes revenue that is not allocated to a specific reportable segment, and segment profit (loss) in Adjustments includes corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in similar transactions with third parties. Segment assets and liabilities are not stated as they are not subject to review for the purpose of deciding on the allocation of operating resources and assessing business performance.

For the Year Ended March 31, 2023

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	1,112,237	753,012	1,562,492	3,427,742	1,776	3,429,519
Intersegment revenues or transfers	3,921	7,674	22,782	34,378	(34,378)	-
Total	1,116,159	760,687	1,585,274	3,462,121	(32,601)	3,429,519
Segment profit (loss)	342,309	109,809	102,258	554,377	(9,334)	545,043
Depreciation and amortization (Note)						78,703
Share-based payment expenses						72,706
Other operating income						4,559
Other operating expenses						53,888
Operating income						344,303
Share of profit (loss) of associates and joint ventures						3,013
Finance income						25,385
Finance costs						4,936
Profit before tax						367,767

Note: Depreciation and amortization exclude depreciation of right-of-use assets.

For the Year Ended March 31, 2024

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	1,009,421	797,032	1,607,694	3,414,149	2,343	3,416,492
Intersegment revenues or transfers	2,398	10,810	26,544	39,752	(39,752)	-
Total	1,011,820	807,842	1,634,239	3,453,901	(37,409)	3,416,492
Segment profit (loss)	344,390	163,665	97,947	606,003	(7,606)	598,397
Depreciation and amortization (Note)						75,854
Share-based payment expenses						79,368
Other operating income						7,388
Other operating expenses						48,036
Operating income						402,526
Share of profit (loss) of associates and joint ventures						(1,356)
Finance income						55,930
Finance costs						30,859
Profit before tax						426,241

Note: Depreciation and amortization exclude depreciation of right-of-use assets.

2. Treasury Stock

Treasury stock recognized in the Consolidated Statements of Financial Position includes Recruit Holdings' shares held by the BIP trust and the ESOP trust.

The breakdown of treasury stock is as follows:

(In millions of yen, unless otherwise stated)	FY2022		FY2023	
	Number of shares (shares)	Carrying amount	Number of shares (shares)	Carrying amount
Treasury stock directly held by Recruit Holdings	49,041,017	194,804	50,413,104	214,070
Recruit Holdings' shares held by the BIP trust and the ESOP trust	67,803,787	237,808	54,788,017	192,979
Total	116,844,804	432,612	105,201,121	407,049

Note: Changes in the number of shares of treasury stock directly held by Recruit Holdings for FY2023 resulted mainly from the increase of 47,518,081 shares from the purchase of treasury stock, and the decrease of 46,118,081 shares from the retirement of treasury stock. Changes in the number of Recruit Holdings' shares held by the BIP trust and the ESOP trust for FY2023 resulted from the increase of 792,000 shares from the purchase of Recruit Holdings' shares by such trusts, and the decrease of 13,807,770 shares from the sale and delivery of Recruit Holdings' shares by such trusts.

3 Per Share Information

(1) The amount of basic earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise stated)	For the Year Ended March 31,	
	2023	2024
Basic earnings per share (yen)	168.59	225.99
Basis for calculation:		
Profit attributable to owners of the parent	269,799	353,654
Amount not attributable to common shareholders of the parent	-	-
Profit used in the calculation of basic earnings per share	269,799	353,654
Weighted average number of shares of common stock outstanding (thousand shares)	1,600,299	1,564,947

(2) The amount of diluted earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise stated)	For the Year Ended March 31,	
	2023	2024
Diluted earnings per share (yen)	167.44	222.90
Basis for calculation:		
Profit used in the calculation of diluted earnings per share		
Profit used in the calculation of basic earnings per share	269,799	353,654
Adjustment on profit	-	-
Profit used in the calculation of diluted earnings per share	269,799	353,654
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share		
Weighted average number of shares of common stock outstanding used in the calculation of basic earnings per share (thousand shares)	1,600,299	1,564,947
Effect of dilutive potential common stock (thousand shares)		
Stock options	838	956

Board Incentive Plan (“BIP”) trust	1,848	2,420
Employee Stock Ownership Plan (“ESOP”) trust	8,294	18,252
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share (thousand shares)	1,611,280	1,586,576

4. Significant Subsequent Events

Share Repurchase

The Company, by resolution of its Board of Directors on December 13, 2023, implemented the following share repurchase program, pursuant to Article 156, Paragraph 1 of the Companies Act as applied by replacing certain terms pursuant to Article 165, Paragraph 3 of the said Act.

(1) Details of common stock repurchased on and after April 1, 2024

Type of shares repurchased:	Common shares of Recruit Holdings
Total number of shares repurchased:	5,134,800 shares
Total purchase price:	33,643 million yen
Acquisition period:	From April 1, 2024 to April 30, 2024 (delivery date basis)

(2) Details of the purchase resolved by the Board of Directors on December 13, 2023

Type of shares to be repurchased:	Common shares of Recruit Holdings
Total number of shares to be repurchased:	46,000,000 shares (Maximum)
Total purchase price:	200,000 million yen (Maximum)
Repurchase period:	From December 14, 2023 to July 17, 2024
Method of repurchases:	Market purchases on Tokyo Stock Exchange, Inc. through an appointed securities dealer with transaction discretion

(3) Total number of common stock repurchased pursuant to the Board of Directors resolution described above (As of April 30, 2024)

Type of shares repurchased:	Common shares of Recruit Holdings
Total number of shares repurchased:	23,244,400 shares
Total purchase price:	142,343 million yen