August 8, 2024

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Three Months Ended June 30, 2024 (IFRS)

Tokyo, August 8, 2024 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

Consolidated Operating Results

(In billions of yen, unless otherwise stated)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024	% change
Revenue	850.8	901.5	6.0%
Adjusted EBITDA	165.9	179.0	7.9%
Operating income	121.6	127.8	5.1%
Profit before tax	130.2	141.4	8.6%
Profit for the period	98.3	106.3	8.2%
Profit attributable to owners of the parent	98.0	106.4	8.5%
Total comprehensive income	231.6	220.6	-4.8%
Basic EPS (yen)	62.04	69.12	11.4%
Diluted EPS (yen)	61.43	68.02	10.7%

Adjusted EBITDA: Operating income + depreciation and amortization (excluding depreciation of right-of-use assets)
+ share-based payment expenses ± other operating income/expenses
Adjusted EPS, which was previously disclosed, will no longer be disclosed starting from the fiscal year ending March 31, 2025, due to a revision of voluntary disclosure indicators.

Consolidated Financial Position

(In billions of yen, unless otherwise stated)	As of March 31, 2024	As of June 30, 2024
Total assets	3,144.6	3,259.4
Total equity	2,008.9	2,140.5
Equity attributable to owners of the parent	2,000.9	2,130.8
Ratio of equity attributable to owners of the parent (%)	63.6	65.4

Dividends

(In yen)	FY2023	FY2024	FY2024 (Guidance)
At the end of Q1	-	-	-
At the end of Q2	11.50	-	12.00
At the end of Q3	-	-	-
At the end of Q4	11.50	-	12.00
Total	23.00	-	24.00

Consolidated Financial Guidance for FY2024

There is no revision of financial guidance for FY2024 from the figures announced on May 15, 2024 as below.

(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%

Significant Changes in Scope of Consolidation

There was no significant change in the scope of consolidation.

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, 2024	As of June 30, 2024
Number of issued shares including treasury stock	1,649,841,949	1,649,841,949
Number of treasury stock[1]	105,201,121	114,916,382

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
Average number of shares during the period	1,580,692,781	1,539,784,196

[1] The number of treasury stock 114,916,382 as of June 30, 2024 includes treasury stock held by the Company (43,110,746 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 (71,805,636 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
Q1	Three-month period from April 1 to June 30
FY2023	Fiscal year from April 1, 2023 to March 31, 2024
FY2024	Fiscal year from April 1, 2024 to March 31, 2025

Average Exchange Rate during the Period

	FY2023				FY2024
(In yen)	Q1	Q2	Q3	Q4	Q1
US dollar	137.49	144.63	147.86	148.63	155.85
Euro	149.58	157.32	159.06	161.33	167.85
Australian dollar	91.87	94.63	96.25	97.67	102.71

The Japanese-language originals of the attached consolidated quarterly financial statements have been voluntarily reviewed by certified public accountants or an audit firm.

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 Q1 FY2024 results announcement is posted on https://recruit-holdings.com/en/ir/financials/

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1. Management's Discussion and Analysis

For Q1 FY2024 results, please refer to TDnet or "Q1 FY2024 Consolidated Results" on our IR website disclosed on August 8, 2024.
https://recruit-holdings.com/en/ir/

There are no significant matters regarding Analysis of Consolidated Financial Position.
Please refer to Section 4. Supplementary Information for the "Results of Operation by Segment," "Selling, General and Administrative Expenses," "Share-based Payment Expenses and Research and Development Expenses," and "Net Cash Balance."

2. Qualitative Information on Consolidated Financial Guidance

There is no revision of financial guidance for FY2024 from the figures announced on May 15, 2024.

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

Condensed Quarterly Consolidated Statements of Financial Position

(In millions of yen)	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	1,136,858	1,211,489
Trade and other receivables	549,814	570,609
Other financial assets	5,608	6,983
Other assets	70,462	71,499
Total current assets	1,762,744	1,860,582
Non-current assets		
Property and equipment	66,513	63,486
Right-of-use assets	170,366	161,259
Goodwill	510,638	539,675
Intangible assets	185,219	189,419
Investments in associates and joint ventures	26,841	26,901
Other financial assets	210,271	200,553
Deferred tax assets	203,482	209,241
Other assets	8,567	8,328
Total non-current assets	1,381,902	1,398,865
Total assets	3,144,646	3,259,448

(In millions of yen)	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	359,856	343,190
Borrowings	374	93
Lease liabilities	44,248	45,923
Other financial liabilities	541	681
Income tax payables	37,679	38,948
Provisions	17,214	10,449
Other liabilities	298,965	309,357
Total current liabilities	758,879	748,643
Non-current liabilities		
Borrowings	1,020	1,084
Lease liabilities	175,488	171,609
Other financial liabilities	556	656
Provisions	15,059	15,638
Net liability for retirement benefits	64,943	65,537
Deferred tax liabilities	111,610	107,356
Other liabilities	8,186	8,331
Total non-current liabilities	376,866	370,215
Total liabilities	1,135,746	1,118,858
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	-	6,726
Retained earnings	1,884,258	1,964,137
Treasury stock	(407,049)	(490,011)
Other components of equity	483,714	609,950
Total equity attributable to owners of the parent	2,000,922	2,130,802
Non-controlling interests	7,977	9,786
Total equity	2,008,900	2,140,589
Total liabilities and equity	3,144,646	3,259,448

Condensed Quarterly Consolidated Statements of Profit or Loss

(In millions of yen, unless otherwise stated)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
Revenue	850,828	901,558
Cost of sales	355,210	370,919
Gross profit	495,617	530,638
Selling, general and administrative expenses	370,806	387,263
Other operating income	1,130	1,689
Other operating expenses	4,286	17,245
Operating income	121,654	127,818
Share of profit (loss) of associates and joint ventures	18	(389)
Finance income	9,812	15,796
Finance costs	1,221	1,732
Profit before tax	130,263	141,494
Income tax expense	31,953	35,147
Profit for the period	98,309	106,347
Profit attributable to:		
Owners of the parent	98,060	106,426
Non-controlling interests	249	(79)
Profit for the period	98,309	106,347
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	62.04	69.12
Diluted earnings per share (yen)	61.43	68.02

Condensed Quarterly Consolidated Statements of Comprehensive Income

(In millions of yen)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
Profit for the period	98,309	106,347
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	8,438	(7,926)
Remeasurements of defined retirement benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	6	(828)
Subtotal	8,444	(8,755)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	124,824	123,037
Effective portion of changes in fair value of cash flow hedges	97	-
Subtotal	124,922	123,037
Other comprehensive income (loss) for the period, net of tax	133,366	114,282
Comprehensive income for the period	231,676	220,629
Comprehensive income attributable to:		
Owners of the parent	230,838	220,647
Non-controlling interests	838	(17)
Comprehensive income for the period	231,676	220,629

Condensed Quarterly Consolidated Statements of Changes in Equity

For the Three Months Ended June 30, 2023

(In millions of yen)	Equity attributable to owners of the parent						
					Other components of equity		
	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 period			98,060				
Other comprehensive income						124,235	97
Comprehensive income for the period	-	-	98,060	-	-	124,235	97
Transfer from other components of equity to retained earnings			8,444				
Purchase of treasury stock				(3,602)			
Disposal of treasury stock		5,256		11,321	(16,715)		
Dividends			(17,370)				
Share-based payments					23,349		
Equity transactions with non-controlling interests							
Transactions with owners - total	-	5,256	(8,925)	7,719	6,634	-	-
Balance at June 30, 2023	40,000	39,011	1,800,484	(424,893)	82,229	323,095	160

	Equity attributable to owners of the parent					
	Other components of equity					
	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 period			-	98,060	249	98,309
Other comprehensive income	8,444	-	132,777	132,777	588	133,366
Comprehensive income for the period	8,444	-	132,777	230,838	838	231,676
Transfer from other components of equity to retained earnings	(8,444)		(8,444)	-		-
Purchase of treasury stock			-	(3,602)		(3,602)
Disposal of treasury stock			(16,715)	(137)		(137)
Dividends			-	(17,370)		(17,370)
Share-based payments			23,349	23,349		23,349
Equity transactions with non-controlling interests			-	-	817	817
Transactions with owners - total	(8,444)	-	(1,810)	2,240	817	3,057
Balance at June 30, 2023	-	-	405,485	1,860,088	15,595	1,875,684

For the Three Months Ended June 30, 2024

(In millions of yen)	Equity attributable to owners of the parent						
					Other components of equity		
	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, 2024	40,000	-	1,884,258	(407,049)	88,242	395,471	-
Profit for the period			106,426				
Other comprehensive income						123,004	-
Comprehensive income for the period	-	-	106,426	-	-	123,004	-
Transfer from other components of equity to retained earnings			(8,783)				
Purchase of treasury stock		(295)		(95,302)			
Disposal of treasury stock		7,021		12,340	(18,865)		
Dividends			(17,763)				
Share-based payments					22,097		
Equity transactions with non-controlling interests							
Transactions with owners - total	-	6,726	(26,546)	(82,962)	3,231	-	-
Balance at June 30, 2024	40,000	6,726	1,964,137	(490,011)	91,474	518,475	-

	Equity attributable to owners of the parent					
	Other components of equity					
	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, 2024	-	-	483,714	2,000,922	7,977	2,008,900
Profit for the period			-	106,426	(79)	106,347
Other comprehensive income	(8,783)	-	114,221	114,221	61	114,282
Comprehensive income for the period	(8,783)	-	114,221	220,647	(17)	220,629
Transfer from other components of equity to retained earnings	8,783		8,783	-		-
Purchase of treasury stock			-	(95,597)		(95,597)
Disposal of treasury stock			(18,865)	495		495
Dividends			-	(17,763)		(17,763)
Share-based payments			22,097	22,097		22,097
Equity transactions with non-controlling interests			-	-	1,826	1,826
Transactions with owners - total	8,783	-	12,015	(90,767)	1,826	(88,940)
Balance at June 30, 2024	-	-	609,950	2,130,802	9,786	2,140,589

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)	Three Months Ended June 30, 2023	2024
Cash flows from operating activities		
Profit before tax	130,263	141,494
Depreciation and amortization	28,059	27,542
Share-based payment expenses	23,078	17,701
Interest and dividend income	(9,216)	(11,387)
(Increase) decrease in trade and other receivables	20,505	1,245
Increase (decrease) in trade and other payables	(48,890)	(24,571)
Other	(23,659)	(9,149)
Subtotal	120,139	142,875
Interest and dividends received	8,876	11,682
Interest paid	(1,176)	(1,560)
Income taxes paid	(73,280)	(25,350)
Net cash provided by operating activities	54,558	127,647
Cash flows from investing activities		
Payment for purchase of property and equipment	(2,495)	(1,797)
Payment for purchase of intangible assets	(13,895)	(13,838)
Other	1,857	(230)
Net cash provided by (used in) investing activities	(14,533)	(15,866)
Cash flows from financing activities		
Repayments of lease liabilities	(11,468)	(11,503)
Payment for purchase of treasury stock	(3,602)	(95,727)
Dividends paid	(17,193)	(17,630)
Proceeds from settlement of derivatives	2,707	5,795
Other	918	2,067
Net cash used in financing activities	(28,638)	(116,998)
Effect of exchange rate changes on cash and cash equivalents	76,982	79,848
Net increase (decrease) in cash and cash equivalents	88,369	74,630
Cash and cash equivalents at the beginning of the period	877,370	1,136,858
Cash and cash equivalents at the end of the period	965,740	1,211,489

Notes to Condensed Quarterly Consolidated Financial Statements

1. Applicable Financial Reporting Framework

The Company's condensed quarterly consolidated financial statements (condensed quarterly consolidated statements of financial position, condensed quarterly consolidated statements of profit or loss, condensed quarterly consolidated statements of comprehensive income, condensed quarterly consolidated statements of changes in equity, condensed quarterly consolidated statements of cash flows, and notes) are prepared in accordance with Article 5, Paragraph 2 of Tokyo Stock Exchange, Inc.'s standards for the preparation of quarterly financial statements, etc. (however, the omissions set out in Article 5, Paragraph 5 of the same standards apply). The condensed quarterly consolidated financial statements are prepared based on International Accounting Standard No. 34 "Interim Financial Reporting" (hereinafter "IAS 34"), but some of the disclosure items and notes required by IAS 34 are omitted. Accordingly, the condensed quarterly consolidated financial statements are not a set of condensed financial statements in accordance with IAS 34.

2. Going Concern Assumption

Not applicable.

3. Operating Segments

(1) Overview of Reportable Segments

The Company's operating segments are those components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and 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 three operations, the US, Japan, and Rest of World. 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) of 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 Three Months Ended June 30, 2023

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	257,462	197,816	395,162	850,442	386	850,828
Intersegment revenue or transfers	438	2,162	6,248	8,849	(8,849)	-
Total	257,901	199,979	401,411	859,292	(8,463)	850,828
Segment profit (loss)	98,136	42,537	26,752	167,426	(1,510)	165,915
Depreciation and amortization (Note)						18,026
Share-based payment expenses						23,078
Other operating income						1,130
Other operating expenses						4,286
Operating income						121,654
Share of profit (loss) of associates and joint ventures						18
Finance income						9,812
Finance costs						1,221
Profit before tax						130,263

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

For the Three Months Ended June 30, 2024

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	284,648	197,481	416,147	898,277	3,280	901,558
Intersegment revenue or transfers	513	5,466	6,434	12,413	(12,413)	–
Total	285,161	202,948	422,581	910,691	(9,133)	901,558
Segment profit (loss)	100,287	51,764	28,658	180,709	(1,650)	179,059
Depreciation and amortization (Note)						17,982
Share-based payment expenses						17,701
Other operating income						1,689
Other operating expenses						17,245
Operating income						127,818
Share of profit (loss) of associates and joint ventures						(389)
Finance income						15,796
Finance costs						1,732
Profit before tax						141,494

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

4. Treasury Stock

Treasury stock recognized in the Condensed Quarterly 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)	As of March 31, 2024		As of June 30, 2024	
	Number of shares (shares)	Carrying amount	Number of shares (shares)	Carrying amount
Treasury stock directly held by Recruit Holdings	50,413,104	214,070	43,110,746	213,386
Recruit Holdings shares held by the BIP trust and the ESOP trust	54,788,017	192,979	71,805,636	276,625
Total	105,201,121	407,049	114,916,382	490,011

5. Significant Subsequent Events

Share Repurchase

On July 9, 2024, the Company's Board of Directors resolved to conduct share repurchases of its common stock (the "Purchases"), pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the said Act, and has conducted the Purchases as follows.

(1) Reasons for the Purchases

The Company's primary use of capital is to invest in its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value.

After considering several factors including the ability to make strategic business investments, the current stock price, market conditions, and the forecast of our financial position, the Company has determined that acquiring its own shares is the best way to further improve capital efficiency and to maximize shareholder returns. This approach is in line with the Company's existing capital allocation policy.

The shares acquired through the Purchases may be used in the future for the delivery of shares upon the exercise of stock acquisition rights, for stock compensation using the Company's common stock for employees of the Company, or for strategic M&A with the Company's common stock as consideration, as well as may be cancelled.

(2) Details of the Purchases resolved by the Board of Directors on July 9, 2024

(i) Type of shares to be repurchased	Common shares of Recruit Holdings
(ii) Total number of shares to be repurchased	87,000,000 shares (Maximum)
(iii) Total purchase price	600,000 million yen (Maximum)
(iv) Repurchase period	From July 10, 2024 to July 9, 2025
(v) Method of repurchases	(1) Market purchases on Tokyo Stock Exchange, Inc. through an appointed securities dealer with transaction discretion (2) Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

(3) Status of the Purchases as of July 31, 2024 (delivery date basis)

(i) Type of shares repurchased	Common shares of Recruit Holdings
(ii) Total number of shares repurchased	11,922,900 shares
(iii) Total purchase price	108,375 million yen

4. Supplementary Information

Supplementary Information is not subject to review by a certified public accountant nor an independent auditor.

Results of Operations by Segment

(In billions of yen)			FY2023 Q1	FY2024 Q1	% Change
Revenue					
HR Technology	US		181.1	195.0	7.7%
	Japan		16.4	24.1	46.5%
	Rest of World		60.2	65.8	9.4%
	Total		257.9	285.1	10.6%
Matching & Solutions	HR Solutions		80.8	74.8	-7.4%
	Marketing Solutions		116.6	125.5	7.7%
	Others and Eliminations		2.5	2.5	0.9%
	Total		199.9	202.9	1.5%
Staffing	Japan		186.1	200.2	7.6%
	Europe, US, and Australia		215.2	222.3	3.3%
	Total		401.4	422.5	5.3%
Adjustments			-8.4	-9.1	-
Total			850.8	901.5	6.0%
Adjusted EBITDA, adjusted EBITDA margin					
HR Technology	Adjusted EBITDA		98.1	100.2	2.2%
	Adjusted EBITDA margin		38.1%	35.2%	-
Matching & Solutions	Adjusted EBITDA	HR Solutions	20.4	18.1	-11.2%
		Marketing Solutions	31.4	40.3	28.5%
		Others and Eliminations	-9.3	-6.7	-
		Total	42.5	51.7	21.7%
	Adjusted EBITDA margin	HR Solutions[1]	25.3%	24.3%	-
		Marketing Solutions[1]	26.9%	32.1%	-
		Total	21.3%	25.5%	-
Staffing	Adjusted EBITDA		26.7	28.6	7.1%
	Adjusted EBITDA margin		6.7%	6.8%	-
Adjustments	Adjusted EBITDA		-1.5	-1.6	-
Total	Adjusted EBITDA		165.9	179.0	7.9%
	Adjusted EBITDA margin		19.5%	19.9%	-

[1]Before allocation of corporate overhead costs.

Selling, General and Administrative Expenses

(In billions of yen)	FY2023 Q1	FY2024 Q1	% Change
Sales commission	8.4	8.7	4.4%
Promotion expenses	15.9	15.0	-5.7%
Advertising expenses	50.8	57.9	13.9%
Employee benefit expenses	183.7	189.0	2.9%
Service outsourcing expense	54.7	55.7	1.9%
Rent expenses	7.4	7.7	4.7%
Depreciation and amortization	26.8	26.2	-2.3%
Other	22.8	26.7	17.1%
Total	370.8	387.2	4.4%

The Share-based Payment Expenses and Research and Development Expenses

(In billions of yen)	FY2023 Q1	FY2024 Q1	% Change
Share-based payment expenses[1]	23.0	17.7	-23.3%
Research and development expenses[2]	37.9	42.7	12.6%

[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 are accounted for as employee benefit expenses.

Net cash balance

(In billions of yen)	As of March 31, 2024	As of June 30, 2024	Variance	% change
Cash and cash equivalents	1,136.8	1,211.4	74.6	6.6%
Interest-bearing debt (excludes lease liabilities)	1.3	1.1	-0.2	-15.5%
Net cash	1,135.4	1,210.3	74.8	6.6%

(Translation)

Independent Auditor's Report on the Interim Review of Quarterly Consolidated Financial Statements

August 8, 2024

The Board of Directors
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Hitoshi Matsuoka
Certified Public Accountant
Designated and Engagement Partner

Takeshi Saida
Certified Public Accountant
Designated and Engagement Partner

Takuto Miki
Certified Public Accountant
Designated and Engagement Partner

Taisuke Horie
Certified Public Accountant
Designated and Engagement Partner

Conclusion
We have conducted an interim review of Recruit Holdings Co., Ltd.'s condensed quarterly consolidated financial statements for the first quarter (April 1, 2024 to June 30, 2024) and first three months (April 1, 2024 to June 30, 2024) of the consolidated fiscal year from April 1, 2024 to March 31, 2025, listed in the "Attachments" to the quarterly financial results, which comprise the condensed quarterly consolidated statements of financial position, condensed quarterly consolidated statements of profit or loss, condensed quarterly consolidated statements of comprehensive income, condensed quarterly consolidated statements of changes in equity, condensed quarterly consolidated statements of cash flows, and notes to condensed quarterly consolidated financial statements.
As a result of conducting our interim review, there were no matters that cause us to believe that the condensed quarterly consolidated financial statements referred to above have not been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange's Standards Used for Preparation of Quarterly Financial Statements, etc. (however, the omission of the description prescribed in Article 5, Paragraph 5 of the Standards Used for Preparation of Quarterly Financial Statements, etc., has been applied), in all material respects.

Basis for the Conclusion
We conducted our interim review in accordance with interim review standards generally accepted in Japan. Our responsibility under the interim review standards is stated in the "Auditor's Responsibility for the Interim Review of the Condensed Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate evidence to provide a basis for our conclusion.

Responsibilities of Management, Audit and Supervisory Board Members and Audit and Supervisory Board for the Condensed Quarterly Consolidated Financial Statements
Management is responsible for the preparation of condensed quarterly financial statements in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange's Standards Used for Preparation of Quarterly Financial Statements, etc. (however, the omission of the description prescribed in Article 5, Paragraph 5 of the Standards Used for Preparation of Quarterly Financial Statements, etc., has been applied), and for designing and operating such internal control as management determines is necessary to enable the preparation of the condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the condensed quarterly consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange's Standards Used for Preparation of Quarterly Financial Statements, etc. (however, the omission of the description prescribed in Article 5, Paragraph 5 of the Standards Used for Preparation of Quarterly

Financial Statements, etc., has been applied).
Audit and Supervisory Board members and Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Interim Review of the Condensed Quarterly Consolidated Financial Statements
Our responsibility is to give a conclusion on the condensed quarterly consolidated financial statements from an independent standpoint in an interim review report based on our interim review.

As part of an interim review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the interim review. We also:

・Ask questions primarily to management and persons responsible for financial and accounting matters, perform analytical procedures and other interim review procedures. Interim review procedures are more limited procedures than audits of annual financial statements performed in accordance with auditing standards generally accepted in Japan.

・If we determine that there is significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, we conclude, based on the evidence obtained, whether there are any matters that cause us to believe that the condensed quarterly consolidated financial statements have not been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange's Standards Used for Preparation of Quarterly Financial Statements, etc. (however, the omission of the description prescribed in Article 5, Paragraph 5 of the Standards Used for Preparation of Quarterly Financial Statements, etc., has been applied). In addition, if there is significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the condensed quarterly consolidated financial statements in the interim review report, or if the notes to the condensed quarterly consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion or a negative opinion on the condensed quarterly consolidated financial statements. While our conclusion is based on the evidence obtained up to the date of the interim review report, depending on future events or conditions, an entity may be unable to continue as a going concern.

・Assess whether there are any matters that cause us to believe that the presentation of and notes to the condensed quarterly consolidated financial statements have not been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange's Standards Used for Preparation of Quarterly Financial Statements, etc. (however, the omission of the description prescribed in Article 5, Paragraph 5 of the Standards Used for Preparation of Quarterly Financial Statements, etc., has been applied).

・Obtain evidence regarding the financial statements of the Company and its consolidated subsidiaries that forms the basis for giving a conclusion on the condensed quarterly consolidated financial statements. We are responsible for direction, supervision and inspections relating to the interim review of the condensed quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Board members and Audit and Supervisory Board regarding the planned scope and timing of the interim review and material interim review findings.
We also provide the Audit and Supervisory Board members and Audit and Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to have impacts on our independence, and where applicable, related measures in order to eliminate obstruction factors or safeguards to reduce them to an acceptable level.

Conflicts of Interest
We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Notes:
1. The above is a digital version of the matters stated in the original interim review report. The original is stored separately by the Holding Company (the company submitting the quarterly financial results).
2. XBRL data and HTML data are not included in the scope of the interim review.