

August 12, 2022

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Three Months Ended June 30, 2022 (IFRS, Unaudited)

Tokyo, August 12, 2022 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

Consolidated Operating Results

(Amounts are rounded down to the nearest million yen)

(In millions of yen, unless otherwise stated)	Three Months Ended June 30,		% change ¹
	2021	2022	
Revenue	664,712	843,175	26.8%
Adjusted EBITDA	131,403	152,336	15.9%
Operating income	104,717	119,371	14.0%
Profit before tax	105,407	120,060	13.9%
Profit for the period	78,043	85,098	9.0%
Profit attributable to owners of the parent	77,864	84,472	8.5%
Total comprehensive income	85,328	200,319	134.8%
Basic EPS (yen)	47.64	52.48	-
Diluted EPS (yen)	47.49	52.28	-
Adjusted EPS (yen)	49.33	54.06	9.6%

¹ From Q1 FY2022, the Company has changed the adjustment items for adjusted EBITDA and adjusted EPS and the new definition is applied retroactively to FY2021. Year over year % change is based on the new definition.

Consolidated Financial Position

(In millions of yen, unless otherwise stated)	As of March 31, 2022	As of June 30, 2022
Total assets	2,423,542	2,689,745
Total equity	1,376,294	1,570,093
Equity attributable to owners of the parent	1,363,776	1,557,611
Ratio of equity attributable to owners of the parent (%)	56.3%	57.9%

Dividends

(In yen, unless otherwise stated)	FY2021	FY2022	FY2022 (Forecast)
At the end of Q1	-	-	-
At the end of Q2	10.50	-	11.00
At the end of Q3	-	-	-
At the end of Q4	10.50	-	11.00
Total	21.00	-	22.00

Consolidated Financial Guidance for FY2022

There is no revision of financial guidance for FY2022 from the figures announced on May 16, 2022 as below.

(In millions of yen, unless otherwise stated)	FY2022 (Forecast)	Year over year % change
Revenue	3,300,000	14.9%
Adjusted EBITDA	520,000	1.6%
Adjusted EPS (yen)	170.65	-9.7%

Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation

There was no change in specific subsidiaries accompanying a 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, 2022	As of June 30, 2022
Number of issued shares including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	86,686,390	86,227,721

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
Average number of shares during the period	1,634,344,467	1,609,605,471

Definition of the Abbreviation

Abbreviation	Definition
Recruit Holdings, the Holding Company the Company, Recruit Group, We, Our SBU	Recruit Holdings Co., Ltd. on a standalone basis Recruit Holdings Co., Ltd. and its consolidated subsidiaries 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
FY2021	Fiscal year from April 1, 2021 to March 31, 2022
FY2022	Fiscal year from April 1, 2022 to March 31, 2023
FY2023	Fiscal year from April 1, 2023 to March 31, 2024

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

Effective from Q1 FY2022, the Company has changed the adjustment items for adjusted EBITDA and adjusted EPS.

Supplementary Information

- Beginning in Q1 FY2022 the name of the *Media & Solutions* SBU has been changed to the *Matching & Solutions* SBU.

Average exchange rate during the period

(In yen)	FY2021				FY2022
	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative	Q1
US dollar	109.52	109.81	111.14	112.39	129.73
Euro	131.94	130.88	130.60	130.55	138.26
Australian dollar	84.30	82.61	82.68	83.06	92.69

Quarterly 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, climate change or other changes in the natural environment, the impact of the spread of COVID-19, the occurrence of large-scale natural disasters, and other factors. Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.

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 – Un-sponsored American Depositary Receipt (“ADR”)

The Company does not support or encourage, and has not consented to, the creation of any un-sponsored ADR facilities in respect of its securities and in any event disclaims any liability in connection with an un-sponsored ADR. The Company does not represent to any depository 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 FY2022 results announcement is posted on <https://recruit-holdings.com/en/ir/financials/>

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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 ended June 30, 2021 and 2022.

(In billions of yen, unless otherwise stated)	Three Months Ended June 30,		% change
	2021	2022	
Consolidated operating results			
Revenue	664.7	843.1	26.8%
Operating income	104.7	119.3	14.0%
Profit before tax	105.4	120.0	13.9%
Profit for the period	78.0	85.0	9.0%
Profit attributable to owners of the parent	77.8	84.4	8.5%
Management Key Performance Indicators			
Adjusted EBITDA ¹	131.4	152.3	15.9%
Adjusted EBITDA margin	19.8%	18.1%	-
Adjusted EPS (yen) ²	49.33	54.06	9.6%

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to Q1 FY2021.

² From FY2022, amortization of intangible assets arising due to business combinations is removed as an adjustment item. The new definition is applied retroactively to Q1 FY2021.

Consolidated revenue for Q1 FY2022 increased 26.8% year over year led by HR Technology while revenue in Matching & Solutions and Staffing also increased year over year. Excluding the positive impact of exchange rate fluctuations of 63.7 billion yen, revenue increased 17.3%. Elevated levels of hiring activity showed signs of moderating in the US and Europe, but remained robust year over year. In Japan, economic activity continued to improve resulting in increased hiring demand year over year.

Consolidated adjusted EBITDA margin was 18.1%, a slight decrease compared to 19.8% in Q1 FY2021, as increased revenue was offset by increased strategic investments focused on product and technology initiatives, including hiring for future growth, as well as sales and marketing activities. Consolidated adjusted EBITDA increased 15.9% year over year, and adjusted EPS was 54.06 yen, an increase of 9.6% year over year.

The following table presents the selling, general and administrative expenses for the three months ended June 30, 2021 and 2022.

(In billions of yen, unless otherwise stated)	Three Months Ended June 30,		% change
	2021	2022	
Sales commission	6.9	8.4	21.9%
Promotion expenses	8.6	16.8	95.5%
Advertising expenses	42.5	73.1	71.7%
Employee benefit expenses	123.2	169.3	37.3%
Service outsourcing expenses	32.5	48.4	48.9%
Rent expenses	4.9	6.6	34.6%
Depreciation and amortization	29.4	28.9	-1.6%
Other	18.6	24.2	30.5%
Total	266.9	376.1	40.9%

Research and development expenses in Q1 FY2022 were 30.9 billion yen, an increase of 62.0% year over year. Share-based payment expenses included in employee benefit expenses were 13.3 billion yen, an increase of 133.7% year over year.

Results of Operations by Segment

HR Technology

The following table presents the financial results for the three months ended June 30, 2021 and 2022 for the HR Technology segment.

(In billions of yen, unless otherwise stated)	Three Months Ended June 30,		% change
	2021	2022	
Revenue			
US	141.9	210.0	48.0%
Non-US	42.4	73.7	73.5%
Total	184.4	283.7	53.9%
Adjusted EBITDA ¹	74.8	95.5	27.7%
Adjusted EBITDA margin	40.6%	33.7%	-
Revenue in million US dollars (\$)			
US	1,295	1,618	24.9%
Non-US	388	568	46.5%
Total	1,683	2,187	29.9%

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to Q1 FY2021.

Revenue for Q1 FY2022 increased 53.9% year over year. On a US dollar basis, revenue increased 29.9% as demand for talent globally remained strong year over year leading to increased demand for Indeed and Glassdoor's hiring products and services. On a US dollar basis, revenue in the US increased 24.9%, supported by both small and medium sized businesses and large enterprises. Revenue outside of the US increased 46.5%, primarily led by Europe and Canada.

The labor market remained tight as the supply of job seekers in the labor market and active on Indeed and Glassdoor grew year over year, but continued to be unable to match the significant hiring demand as measured by the number of job openings. This resulted in continued competition for talent on Indeed and Glassdoor, and that competition was a significant driver of revenue growth in Q1 FY2022.

Adjusted EBITDA margin for Q1 FY2022 was 33.7%. HR Technology significantly increased investments focused on product and technology initiatives, while moderately increasing sales and marketing investments year over year resulting in continued headcount growth across the SBU year over year. Adjusted EBITDA increased 27.7% year over year.

Matching & Solutions

The following table presents the financial results for the three months ended June 30, 2021 and 2022 for the Matching & Solutions segment.

(In billions of yen)	Three Months Ended June 30,		% change
	2021	2022	
Revenue			
Marketing Solutions	91.5	104.8	14.6%
HR Solutions	56.5	72.6	28.3%
Others and Eliminations	3.6	2.9	-20.4%
Total	151.8	180.4	18.8%
Adjusted EBITDA ¹	31.5	31.3	-0.8%
Adjusted EBITDA margin	20.8%	17.4%	-

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to Q1 FY2021.

Revenue in Matching & Solutions for Q1 FY2022 increased 18.8% year over year.

Revenue in Marketing Solutions increased, primarily driven by the continuous year over year growth in Housing & Real Estate and Beauty. Revenue in Travel increased compared to Q1 FY2021, when COVID-19 related restrictions were in place in Japan.

In Air BusinessTools, the number of SaaS accounts¹ as of June 30, 2022 was approximately 2,640,000. The number of AirPAY registered accounts increased 32.8% year over year to approximately 304,000, of which approximately 188,000 accounts also subscribed to other Air BusinessTools solutions.

In HR Solutions, revenue in the part-time job advertising business and the placement service increased. In the part-time job advertising business, hiring demand recovered year over year mainly from business clients in retail and dining, which had been impacted by the state of emergency and priority preventative measures in the prior year. Hiring demand for the placement service increased across many of the industries which utilize placement services.

Adjusted EBITDA margin in Matching & Solutions for Q1 FY2022 was 17.4%. Adjusted EBITDA decreased 0.8% year over year as Matching & Solutions executed strategic marketing activities aligned with its business strategy.

¹ 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.

Staffing

The following table presents the financial results for the three months ended June 30, 2021 and 2022 for the Staffing segment.

(In billions of yen)	Three Months Ended June 30,		% change
	2021	2022	
Revenue			
Japan	146.9	165.1	12.4%
Europe, US, and Australia	188.2	220.5	17.2%
Total	335.1	385.7	15.1%
Adjusted EBITDA ¹			
Japan	16.1	16.7	3.6%
Europe, US, and Australia	10.1	10.5	4.1%
Total	26.2	27.2	3.8%
Adjusted EBITDA margin			
Japan	11.0%	10.1%	-
Europe, US, and Australia	5.4%	4.8%	-
Staffing	7.8%	7.1%	-

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to Q1 FY2021.

Revenue for Q1 FY2022 increased 15.1% with an increase in revenue for both *Japan* and *Europe, US, and Australia*. Excluding the positive impact of exchange rate fluctuations of 19.5 billion yen, revenue in the three month period increased 9.2%.

Adjusted EBITDA margin for Q1 FY2022 was 7.1% due to a decrease in *Japan* and *Europe, US, and Australia*. Adjusted EBITDA increased 3.8% year over year.

Revenue in *Japan* increased 12.4% due to continued demand for staffing services. Adjusted EBITDA margin for Q1 FY2022 was 10.1% and adjusted EBITDA increased 3.6% year over year.

Revenue in *Europe, US, and Australia* increased 17.2% year over year. Excluding the positive impact of exchange rate fluctuations of 19.5 billion yen, revenue in Q1 increased 6.8% due to continued demand for staffing business in each region, despite a slowdown in demand related to support for COVID-19 mitigation efforts that had existed in Europe during FY2021.

Adjusted EBITDA margin for Q1 FY2022 was 4.8%, a decrease of 0.6 percentage points year over year, primarily due to the impact of higher personnel costs resulting from increased headcount and higher wages. Adjusted EBITDA increased 4.1% year over year.

Management Actions for Q1 FY2022

The Company's Response to the Spread of COVID-19

Amidst the spread of COVID-19, the Company has continued to prioritize the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, enterprise clients, and business partners, and operates its businesses while implementing measures to help prevent the spread of COVID-19. In addition, each SBU has leveraged new and existing tools to continue to support all of their stakeholders facing new and unique challenges during this period.

Please find more information on the website: <https://recruit-holdings.com/en/covid19/>

Business Strategy Presentation - Prosper Together

On June 28, 2022, the company presented the progress and challenges of our ESG commitment "Prosper Together," one of our corporate strategic pillars.

Please find more information on the website: https://recruit-holdings.com/en/newsroom/20220628_0001/

Business Strategy Presentation - Help Businesses Work Smarter

On July 12, 2022, the company presented the progress of "Help Businesses Work Smarter," one of our corporate strategic pillars.

Please find more information on the website: https://recruit-holdings.com/en/newsroom/20220712_0001/

Analysis of Consolidated Financial Position

(In billions of yen)	As of March 31, 2022	As of June 30, 2022	Variance	% Change
Assets				
Total current assets	1,182.0	1,392.0	210.0	17.8%
Total non-current assets	1,241.4	1,297.6	56.1	4.5%
Total assets	2,423.5	2,689.7	266.2	11.0%
Liabilities				
Total current liabilities	695.5	720.8	25.2	3.6%
Total non-current liabilities	351.6	398.7	47.1	13.4%
Total liabilities	1,047.2	1,119.6	72.4	6.9%
Equity				
Total equity attributable to owners of the parent	1,363.7	1,557.6	193.8	14.2%
Non-controlling interests	12.5	12.4	-0.0	-0.3%
Total equity	1,376.2	1,570.0	193.7	14.1%

As of the end of Q1 FY2022, cash and cash equivalents and interest-bearing debt which includes bonds and borrowings, excluding lease liabilities, on a consolidated basis was 843.3 billion yen and 63.6 billion yen, respectively. Net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents, was 779.7 billion yen, an increase of 170.8 billion yen compared to the end of FY2021.

Total current assets as of June 30, 2022 increased by 210.0 billion yen compared to the end of FY2021 mainly due to an increase in cash and cash equivalents from increased operating cash flows and from the sale of a portion of shares as part of the going private transaction of 51job.

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of June 30, 2022, 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 March 31, 2021, remained unused as of June 30, 2022.

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 June 30, 2022.

Analysis of Consolidated Cash Flows

(In billions of yen)	Three Months Ended June 30,		Variance
	2021	2022	
Net cash flows from operating activities	84.9	108.5	23.6
Net cash flows from investing activities	-20.5	23.1	43.6
Net cash flows from financing activities	-27.8	-28.9	-1.0
Effect of exchange rate changes on cash and cash equivalents	-0.0	71.1	71.1
Net increase (decrease) in cash and cash equivalents	36.4	173.8	137.4
Cash and cash equivalents at the beginning of the period	501.0	669.5	168.5
Cash and cash equivalents at the end of the period	537.4	843.3	305.9

Cash and cash equivalents as of June 30, 2022 was 843.3 billion yen, an increase of 173.8 billion yen from the end of FY2021.

2. Qualitative information on Consolidated Financial Guidance

There is no revision of consolidated financial guidance for FY2022 from the figures announced on May 16, 2022.

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

Condensed Quarterly Consolidated Statements of Financial Position

(In millions of yen)	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	669,551	843,388
Trade and other receivables	468,032	496,438
Other financial assets	1,903	5,521
Other assets	42,558	46,707
Total current assets	1,182,045	1,392,055
Non-current assets		
Property and equipment	73,559	78,149
Right-of-use assets	187,060	191,251
Goodwill	436,017	470,494
Intangible assets	194,129	198,598
Investments in associates and joint ventures	86,916	24,567
Other financial assets	182,240	211,804
Deferred tax assets	76,685	117,847
Other assets	4,888	4,977
Total non-current assets	1,241,496	1,297,689
Total assets	2,423,542	2,689,745

(In millions of yen)	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	283,849	294,942
Bonds and borrowings	26,236	28,164
Lease liabilities	38,433	44,113
Other financial liabilities	111	488
Income tax payables	38,037	29,390
Provisions	13,147	9,271
Other liabilities	295,776	314,493
Total current liabilities	695,592	720,864
Non-current liabilities		
Bonds and borrowings	34,400	35,489
Lease liabilities	172,355	174,495
Other financial liabilities	525	608
Provisions	11,334	12,768
Net liability for retirement benefits	59,994	60,111
Deferred tax liabilities	62,592	106,268
Other liabilities	10,452	9,044
Total non-current liabilities	351,654	398,787
Total liabilities	1,047,247	1,119,651
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	20,640	22,125
Retained earnings	1,464,947	1,528,823
Treasury stock	(298,457)	(297,704)
Other components of equity	136,644	264,367
Total equity attributable to owners of the parent	1,363,776	1,557,611
Non-controlling interests	12,518	12,482
Total equity	1,376,294	1,570,093
Total liabilities and equity	2,423,542	2,689,745

Condensed Quarterly Consolidated Statements of Profit or Loss

(In millions of yen, unless otherwise stated)	Three Months Ended June 30,	
	2021	2022
Revenue	664,712	843,175
Cost of sales	292,032	347,553
Gross profit	372,679	495,622
Selling, general and administrative expenses	266,974	376,103
Other operating income	866	947
Other operating expenses	1,853	1,093
Operating income	104,717	119,371
Share of profit (loss) of associates and joint ventures	675	1,292
Finance income	1,020	1,340
Finance costs	1,005	1,944
Profit before tax	105,407	120,060
Income tax expense	27,363	34,961
Profit for the period	78,043	85,098
Profit attributable to:		
Owners of the parent	77,864	84,472
Non-controlling interests	179	625
Profit for the period	78,043	85,098
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	47.64	52.48
Diluted earnings per share (yen)	47.49	52.28

Condensed Quarterly Consolidated Statements of Comprehensive Income

(In millions of yen)	Three Months Ended June 30,	
	2021	2022
Profit for the period	78,043	85,098
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	1,162	(3,717)
Remeasurements of defined retirement benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	40	17
Subtotal	1,203	(3,699)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	6,035	118,887
Effective portion of changes in fair value of cash flow hedges	45	33
Subtotal	6,081	118,920
Other comprehensive income (loss) for the period, net of tax	7,284	115,221
Comprehensive income for the period	85,328	200,319
Comprehensive income attributable to:		
Owners of the parent	85,153	199,091
Non-controlling interests	174	1,228
Comprehensive income for the period	85,328	200,319

Condensed Quarterly Consolidated Statements of Changes in Equity

For the Three Months Ended June 30, 2021

	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
(In millions of yen)							
Balance at April 1, 2021	40,000	17,422	1,201,573	(180,148)	8,987	3,548	187
Profit for the period			77,864				
Other comprehensive income						6,039	45
Comprehensive income for the period	-	-	77,864	-	-	6,039	45
Transfer from other components of equity to retained earnings			1,203				
Disposal of treasury stock		(309)		568	(177)		
Dividends			(17,159)				
Share-based payments					5,836		
Equity transactions with non-controlling interests							
Other			(18)				
Transactions with owners - total	-	(309)	(15,974)	568	5,658	-	-
Balance at June 30, 2021	40,000	17,113	1,263,464	(179,579)	14,646	9,588	232

	Equity attributable to owners of the parent		Other components of equity			
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined retirement benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2021	-	-	12,723	1,091,571	9,717	1,101,289
Profit for the period			-	77,864	179	78,043
Other comprehensive income	1,203		7,289	7,289	(4)	7,284
Comprehensive income for the period	1,203	-	7,289	85,153	174	85,328
Transfer from other components of equity to retained earnings	(1,203)		(1,203)	-		-
Disposal of treasury stock			(177)	82		82
Dividends			-	(17,159)	(501)	(17,660)
Share-based payments			5,836	5,836		5,836
Equity transactions with non-controlling interests			-	-	12	12
Other			-	(18)		(18)
Transactions with owners - total	(1,203)	-	4,455	(11,259)	(488)	(11,748)
Balance at June 30, 2021	-	-	24,467	1,165,465	9,403	1,174,869

For the Three Months Ended June 30, 2022

	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
(In millions of yen)							
Balance at April 1, 2022	40,000	20,640	1,464,947	(298,457)	34,682	101,909	52
Profit for the period			84,472				
Other comprehensive income						118,285	33
Comprehensive income for the period	-	-	84,472	-	-	118,285	33
Transfer from other components of equity to retained earnings			(3,699)				
Purchase of treasury stock				(2,063)			
Disposal of treasury stock		1,229		2,815	(3,653)		
Dividends			(16,897)				
Share-based payments					13,056		
Equity transactions with non-controlling interests		255					
Transactions with owners - total	-	1,485	(20,597)	752	9,403	-	-
Balance at June 30, 2022	40,000	22,125	1,528,823	(297,704)	44,086	220,194	85

	Equity attributable to owners of the parent		Other components of equity		Non-controlling interests	Total equity
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined retirement benefit plans	Total	Total		
Balance at April 1, 2022	-	-	136,644	1,363,776	12,518	1,376,294
Profit for the period			-	84,472	625	85,098
Other comprehensive income	(3,699)		114,618	114,618	602	115,221
Comprehensive income for the period	(3,699)	-	114,618	199,091	1,228	200,319
Transfer from other components of equity to retained earnings	3,699		3,699	-		-
Purchase of treasury stock			-	(2,063)		(2,063)
Disposal of treasury stock			(3,653)	391		391
Dividends			-	(16,897)	(828)	(17,726)
Share-based payments			13,056	13,056		13,056
Equity transactions with non-controlling interests			-	255	(435)	(180)
Transactions with owners - total	3,699	-	13,103	(5,256)	(1,264)	(6,520)
Balance at June 30, 2022	-	-	264,367	1,557,611	12,482	1,570,093

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)	Three Months Ended June 30,	
	2021	2022
Cash flows from operating activities		
Profit before tax	105,407	120,060
Depreciation and amortization	30,570	30,051
Share-based payment expenses	5,726	13,383
(Increase) decrease in trade and other receivables	(7,880)	(8,276)
Increase (decrease) in trade and other payables	(26,018)	2,205
Other	16,867	(12,055)
Subtotal	124,673	145,368
Interest and dividends received	700	1,082
Interest paid	(897)	(821)
Income taxes paid	(39,571)	(37,051)
Net cash provided by operating activities	84,905	108,578
Cash flows from investing activities		
Payment for purchase of property and equipment	(4,761)	(4,203)
Payment for purchase of intangible assets	(12,257)	(12,499)
Proceeds from sales of investments in associates and joint ventures	-	39,531
Other	(3,505)	285
Net cash provided by (used in) investing activities	(20,524)	23,114
Cash flows from financing activities		
Repayments of lease liabilities	(10,619)	(10,110)
Payment for purchase of treasury stock	-	(2,063)
Dividends paid	(17,048)	(16,740)
Other	(209)	(42)
Net cash used in financing activities	(27,877)	(28,957)
Effect of exchange rate changes on cash and cash equivalents	(86)	71,100
Net increase (decrease) in cash and cash equivalents	36,417	173,836
Cash and cash equivalents at the beginning of the period	501,043	669,551
Cash and cash equivalents at the end of the period	537,461	843,388

Going Concern Assumption

Not applicable.

Notes to Condensed Quarterly Consolidated Financial Statements

1. 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. Beginning in Q1 FY2022 the segment name of the Media & Solutions has been changed to Matching & Solutions.

HR Technology consists of two operations, the US and outside of the US. Matching & Solutions consists of two operations, Marketing Solutions and HR Solutions. Staffing consists of two operations, Japan, and Europe, US and Australia.

(2) Information on Reportable Segments

Previously, segment profit (loss) denoted adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses). However, starting from the three months ended June 30, 2022, the Company changed the calculation method of segment profit (loss) and included share-based payment expenses as an adjustment item to better reflect its cash flow generation and to enhance comparability with other companies globally. Accordingly, segment profit (loss) after the change denotes adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) + share-based payment expenses ± other operating income/expenses). Segment information for the three months ended June 30, 2021 has also been prepared using the calculation method after the change.

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, 2021

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	182,809	150,721	331,181	664,712	-	664,712
Intersegment revenue or transfers	1,612	1,127	4,005	6,745	(6,745)	-
Total	184,421	151,848	335,187	671,458	(6,745)	664,712
Segment profit (loss)	74,809	31,599	26,292	132,700	(1,296)	131,403
Depreciation and amortization (Note)						19,972
Share-based payment expenses						5,726
Other operating income						866
Other operating expenses						1,853
Operating income						104,717
Share of profit (loss) of associates and joint ventures						675
Finance income						1,020
Finance costs						1,005
Profit before tax						105,407

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

For the Three Months Ended June 30, 2022

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	283,015	178,954	380,774	842,743	432	843,175
Intersegment revenue or transfers	735	1,499	4,989	7,223	(7,223)	-
Total	283,750	180,453	385,763	849,967	(6,791)	843,175
Segment profit (loss)	95,521	31,347	27,295	154,164	(1,828)	152,336
Depreciation and amortization (Note)						19,434
Share-based payment expenses						13,383
Other operating income						947
Other operating expenses						1,093
Operating income						119,371
Share of profit (loss) of associates and joint ventures						1,292
Finance income						1,340
Finance costs						1,944
Profit before tax						120,060

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

2. Significant Subsequent Events

Not applicable.