

November 14, 2022

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

Tokyo, November 14, 2022 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

Consolidated Operating Results

(Amounts are rounded down to the nearest million yen)

(In millions of yen, unless otherwise stated)	Six Months Ended September 30,		% change
	2021	2022	
Revenue	1,365,907	1,721,649	26.0%
Adjusted EBITDA	278,540	297,650	6.9%
Operating income	222,928	227,953	2.3%
Profit before tax	223,843	230,398	2.9%
Profit for the period	165,485	170,955	3.3%
Profit attributable to owners of the parent	165,169	169,745	2.8%
Total comprehensive income	173,503	348,341	100.8%
Basic EPS (yen)	101.06	105.44	-
Diluted EPS (yen)	100.65	104.99	-
Adjusted EPS (yen)	104.39	108.75	4.2%

Consolidated Financial Position

(In millions of yen, unless otherwise stated)	As of March 31, 2022	As of September 30, 2022
Total assets	2,423,542	2,877,556
Total equity	1,376,294	1,734,257
Equity attributable to owners of the parent	1,363,776	1,720,470
Ratio of equity attributable to owners of the parent (%)	56.3%	59.8%

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 September 30, 2022
Number of issued shares including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	86,686,390	85,327,681

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022
Average number of shares during the period	1,634,302,513	1,609,940,952

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

- All comparisons in this report are year over year unless otherwise stated. The current definitions of adjusted EBITDA and adjusted EPS are applied retroactively to FY2021. Please refer to "Definition of the Financial Measures" for the current definitions.
- Beginning in Q1 FY2022 the name of the *Media & Solutions* SBU has been changed to *Matching & Solutions* SBU.

Average exchange rate during the period

(In yen)	FY2021				FY2022	
	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative	Q1	Q2 cumulative
US dollar	109.52	109.81	111.14	112.39	129.73	134.03
Euro	131.94	130.88	130.60	130.55	138.26	138.76
Australian dollar	84.30	82.61	82.68	83.06	92.69	93.59

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 Q2 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 and the six months ended September 30, 2021 and 2022.

(In billions of yen, unless otherwise stated)	Three Months Ended September 30,		% change	Six Months Ended September 30,		% change
	2021	2022		2021	2022	
Consolidated operating results						
Revenue	701.1	878.4	25.3%	1,365.9	1,721.6	26.0%
Operating income	118.2	108.5	-8.1%	222.9	227.9	2.3%
Profit before tax	118.4	110.3	-6.8%	223.8	230.3	2.9%
Profit for the period	87.4	85.8	-1.8%	165.4	170.9	3.3%
Profit attributable to owners of the parent	87.3	85.2	-2.3%	165.1	169.7	2.8%
Management Key Performance Indicators						
Adjusted EBITDA ¹	147.1	145.3	-1.2%	278.5	297.6	6.9%
Adjusted EBITDA margin	21.0%	16.5%	-	20.4%	17.3%	-
Adjusted EPS (yen) ²	55.06	54.70	-0.7%	104.39	108.75	4.2%

1 From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to the three months and the six months ended September 30, 2021.

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 the three months and the six months ended September 30, 2021.

Consolidated revenue for Q2 FY2022 increased 25.3% led by HR Technology while revenue in Matching & Solutions and Staffing also increased. Excluding the positive impact of exchange rate fluctuations of 90.5 billion yen, revenue increased 12.4%.

Consolidated adjusted EBITDA margin was 16.5% as adjusted EBITDA margin of each segment decreased due to strategic investments for future growth. Adjusted EBITDA decreased 1.2% and adjusted EPS was 54.70 yen, a decrease of 0.7%.

For the six month period ended September 30, 2022, consolidated revenue increased 26.0%, while increased 14.8% excluding the positive impact of exchange rate fluctuations of 154.2 billion yen. Consolidated adjusted EBITDA margin was 17.3%, consolidated adjusted EBITDA increased 6.9%, and adjusted EPS was 108.75 yen, an increase of 4.2%.

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

(In billions of yen)	Three Months Ended September 30,		% change	Six Months Ended September 30,		% change
	2021	2022		2021	2022	
Sales commission	7.3	8.6	17.3%	14.3	17.0	19.5%
Promotion expenses	10.4	19.1	84.4%	19.0	36.0	89.4%
Advertising expenses	49.8	69.8	40.3%	92.4	142.9	54.7%
Employee benefit expenses	127.3	189.5	48.9%	250.6	358.8	43.2%
Service outsourcing expenses	35.3	54.7	55.2%	67.8	103.2	52.2%
Rent expenses	5.1	7.3	41.2%	10.1	14.0	38.0%
Depreciation and amortization	29.7	29.4	-1.2%	59.2	58.3	-1.4%
Other	18.9	26.0	37.4%	37.5	50.3	34.0%
Total	284.1	404.8	42.5%	551.1	780.9	41.7%

Share-based payment expenses included in employee benefit expenses in the three months and the six months ended September 30, 2022 were 16.6 billion yen, an increase of 157.5%, and 30.0 billion yen, an increase of 146.3%, respectively. Research and development expenses in the three months and the six months ended September 30, 2022 were 38.1 billion yen, an increase of 101.6%, and 69.0 billion yen, an increase of 81.7%, respectively.

Results of Operations by Segment

HR Technology

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

(In billions of yen, unless otherwise stated)	Three Months		% change	Six Months		% change
	Ended September 30,			Ended September 30,		
	2021	2022		2021	2022	
Revenue						
US	162.3	222.6	37.2%	304.2	432.6	42.2%
Non-US	52.1	77.9	49.3%	94.6	151.6	60.2%
Total	214.4	300.5	40.1%	398.9	584.3	46.5%
Adjusted EBITDA ¹	92.3	91.2	-1.2%	167.1	186.7	11.7%
Adjusted EBITDA margin	43.1%	30.4%	-	41.9%	32.0%	-
Revenue in million US dollars (\$)						
US	1,474	1,610	9.2%	2,769	3,229	16.6%
Non-US	473	563	18.9%	862	1,131	31.3%
Total	1,948	2,173	11.6%	3,631	4,360	20.1%

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to the three months and the six months ended September 30, 2021.

Revenue for Q2 FY2022 increased 40.1% year over year. On a US dollar basis, revenue increased 11.6% 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 9.2%, supported by both small and medium sized businesses and large enterprises. Revenue outside of the US increased 18.9%, primarily led by Europe, with additional growth in Canada and Japan.

Adjusted EBITDA margin for Q2 FY2022 was 30.4%. HR Technology significantly increased investments focused on product and technology initiatives, mainly through hiring, while sales and marketing investments moderately increased year over year. Adjusted EBITDA decreased 1.2% year over year.

For the six month period, revenue increased 46.5%, adjusted EBITDA margin was 32.0%, and adjusted EBITDA increased 11.7% year over year.

Matching & Solutions

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

(In billions of yen)	Three Months		% change	Six Months		% change
	Ended September 30,			Ended September 30,		
	2021	2022		2021	2022	
Revenue						
Marketing Solutions	98.3	111.9	13.9%	189.8	216.8	14.2%
HR Solutions	57.5	70.2	22.2%	114.1	142.8	25.2%
Others and Eliminations	2.0	2.9	47.3%	5.7	5.9	3.5%
Total	157.8	185.2	17.3%	309.7	365.6	18.1%
Adjusted EBITDA ¹	32.4	27.9	-13.8%	64.0	59.2	-7.4%
Adjusted EBITDA margin	20.5%	15.1%	-	20.7%	16.2%	-

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to the three months and the six months ended September 30, 2021.

Revenue in Matching & Solutions for Q2 FY2022 increased 17.3% year over year.

In Marketing Solutions, Q2 FY2022 revenue in Housing & Real Estate, Beauty, Travel, Bridal, and Dining all increased. While Housing & Real Estate and Beauty continued to account for more than 50% of revenue in Marketing Solutions, revenue in Travel increased significantly compared to Q2 FY2021, when COVID-19 related restrictions were in place in Japan.

In HR Solutions, revenue in the part-time job advertising business and the placement service both increased. Hiring demand recovered year over year in the part-time job advertising business, particularly in retail and dining which had been impacted by COVID-19 related restrictions in Q2 FY2021. Hiring demand for the placement service increased across many of the industries which utilize placement services.

Matching & Solutions' strategy is to "Help Businesses Work Smarter", including by improving clients' business results and productivity through their use of our ecosystem of matching platforms and SaaS solutions centered on Air BusinessTools. In Air BusinessTools, the number of SaaS accounts¹ as of September 30, 2022 was 2,830,000. The number of AirPAY registered accounts increased 36.4% year over year to 329,000, of which 199,000 accounts also subscribed to other Air BusinessTools solutions. Revenue from Air BusinessTools is included in Marketing Solutions, however, the current priority for Air BusinessTools is to increase the number of SaaS accounts.

Adjusted EBITDA margin in Matching & Solutions for Q2 FY2022 was 15.1%. Adjusted EBITDA decreased 13.8% year over year as Matching & Solutions executed strategic marketing activities aligned with its business strategy.

For the six month period, revenue increased 18.1%, adjusted EBITDA margin was 16.2%, and adjusted EBITDA decreased 7.4% year over year.

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 and the six months ended September 30, 2021 and 2022 for the Staffing segment.

(In billions of yen)	Three Months		% change	Six Months		% change
	Ended September 30,			Ended September 30,		
	2021	2022		2021	2022	
Revenue						
Japan	145.7	166.0	14.0%	292.6	331.2	13.2%
Europe, US, and Australia	189.8	234.2	23.3%	378.0	454.7	20.3%
Total	335.5	400.2	19.3%	670.7	786.0	17.2%
Adjusted EBITDA¹						
Japan	12.6	14.9	17.7%	28.8	31.7	9.8%
Europe, US, and Australia	11.3	12.9	14.5%	21.4	23.5	9.6%
Total	24.0	27.9	16.2%	50.3	55.2	9.7%
Adjusted EBITDA margin						
Japan	8.7%	9.0%	-	9.9%	9.6%	-
Europe, US, and Australia	6.0%	5.5%	-	5.7%	5.2%	-
Staffing	7.2%	7.0%	-	7.5%	7.0%	-

¹ From FY2022, share-based payment expenses are included as an adjustment item. The new definition is applied retroactively to the three months and the six months ended September 30, 2021.

Revenue for Q2 FY2022 increased 19.3% with an increase in revenue for both *Japan* and *Europe, US, and Australia*. Excluding the positive impact of exchange rate fluctuations of 29.5 billion yen, revenue in the three month period increased 10.5%.

Adjusted EBITDA margin for Q2 FY2022 was 7.0% due to a decrease in *Europe, US, and Australia* while adjusted EBITDA margin in Japan was similar compared to the prior year. Adjusted EBITDA increased 16.2% year over year.

Revenue in *Japan* increased 14.0% due to continued demand for staffing businesses year over year. Adjusted EBITDA margin for Q2 FY2022 was 9.0% and adjusted EBITDA increased 17.7% year over year.

Revenue in *Europe, US, and Australia* increased 23.3% year over year. Excluding the positive impact of exchange rate fluctuations of 29.5 billion yen, revenue in the three month period increased 7.8% due to continued demand for staffing businesses in each region, despite a slowdown in demand related to supporting COVID-19 mitigation efforts that existed in the European region in FY2021.

Adjusted EBITDA margin for Q2 FY2022 in *Europe, US, and Australia* was 5.5%, primarily due to the impact of inflationary effects and higher personnel costs resulting from increased headcount. Adjusted EBITDA increased 14.5% year over year.

For the six month period, revenue increased 17.2%. Excluding the positive impact of exchange rate fluctuations of 49.1 billion yen, revenue in the six month period increased 9.9%. Adjusted EBITDA margin was 7.0%, and adjusted EBITDA increased 9.7% year over year.

Management Actions for Q2 FY2022

Implementation of Share Repurchase Program

The Company announced on October 17, 2022 its decision to conduct a share repurchase program (the "Share Repurchases"). The challenging macroeconomic environment continues to have a significant impact on the global equity markets. Under this situation and considering multiple factors including the capacity to pursue strategic business investments, the stock price level, the market environment, and the outlook for its financial position, in line with the Company's capital allocation policy, the Company believes acquiring its own shares improves capital efficiency and offers the best returns available on shareholders' capital at this time. The shares to be purchased through the Share Repurchases in part or whole are expected to be used for the execution of an Equity Incentive Plan primarily for HR Technology SBU employees in the future. The total number of shares to be repurchased is 42,000,000 shares (maximum) (up to 2.55% of total number of shares issued and outstanding (excludes treasury stock)), and the total purchase price is 150.0 billion yen (maximum). The period for the Share Repurchases is from October 18, 2022 to March 14, 2023, and will be conducted as open market purchases on the Tokyo Stock Exchanges, Inc. through an appointed securities dealer with investment discretion.

Please find more information on the website:

"Recruit Holdings Announces Share Repurchase" released on October 17, 2022:

https://recruit-holdings.com/en/newsroom/20221017_1000/

Analysis of Consolidated Financial Position

(In billions of yen)	As of March 31, 2022	As of September 30, 2022	Variance	% Change
Assets				
Total current assets	1,182.0	1,547.1	365.1	30.9%
Total non-current assets	1,241.4	1,330.3	88.8	7.2%
Total assets	2,423.5	2,877.5	454.0	18.7%
Liabilities				
Total current liabilities	695.5	750.8	55.2	7.9%
Total non-current liabilities	351.6	392.4	40.7	11.6%
Total liabilities	1,047.2	1,143.2	96.0	9.2%
Equity				
Total equity attributable to owners of the parent	1,363.7	1,720.4	356.6	26.2%
Non-controlling interests	12.5	13.7	1.2	10.1%
Total equity	1,376.2	1,734.2	357.9	26.0%

As of the end of Q2 FY2022, cash and cash equivalents and interest-bearing debt which includes bonds and borrowings, excluding lease liabilities, on a consolidated basis was 967.6 billion yen and 50.7 billion yen, respectively. Net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents, was 916.9 billion yen, an increase of 308.0 billion yen compared to the end of FY2021.

Total current assets as of September 30, 2022 increased by 365.1 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 September 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 September 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 September 30, 2022.

Analysis of Consolidated Cash Flows

(In billions of yen)	Six Months Ended September 30,		Variance
	2021	2022	
Net cash flows from operating activities	174.2	227.2	53.0
Net cash flows from investing activities	(38.4)	6.4	44.8
Net cash flows from financing activities	(52.0)	(52.3)	(0.3)
Effect of exchange rate changes on cash and cash equivalents	5.1	116.8	111.6
Net increase (decrease) in cash and cash equivalents	88.9	298.1	209.1
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	589.9	967.6	377.6

Cash and cash equivalents as of September 30, 2022 was 967.6 billion yen, an increase of 298.1 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 September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	669,551	967,675
Trade and other receivables	468,032	525,687
Other financial assets	1,903	8,142
Other assets	42,558	45,686
Total current assets	1,182,045	1,547,191
Non-current assets		
Property and equipment	73,559	79,252
Right-of-use assets	187,060	198,323
Goodwill	436,017	484,704
Intangible assets	194,129	199,810
Investments in associates and joint ventures	86,916	17,354
Other financial assets	182,240	218,971
Deferred tax assets	76,685	127,016
Other assets	4,888	4,931
Total non-current assets	1,241,496	1,330,365
Total assets	2,423,542	2,877,556

(In millions of yen)	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	283,849	309,768
Bonds and borrowings	26,236	29,193
Lease liabilities	38,433	42,453
Other financial liabilities	111	833
Income tax payables	38,037	39,003
Provisions	13,147	9,018
Other liabilities	295,776	320,604
Total current liabilities	695,592	750,875
Non-current liabilities		
Bonds and borrowings	34,400	21,519
Lease liabilities	172,355	184,181
Other financial liabilities	525	603
Provisions	11,334	13,175
Net liability for retirement benefits	59,994	60,481
Deferred tax liabilities	62,592	102,606
Other liabilities	10,452	9,856
Total non-current liabilities	351,654	392,423
Total liabilities	1,047,247	1,143,299
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	20,640	24,127
Retained earnings	1,464,947	1,620,839
Treasury stock	(298,457)	(294,694)
Other components of equity	136,644	330,198
Total equity attributable to owners of the parent	1,363,776	1,720,470
Non-controlling interests	12,518	13,786
Total equity	1,376,294	1,734,257
Total liabilities and equity	2,423,542	2,877,556

Condensed Quarterly Consolidated Statements of Profit or Loss

For the Six-Month Period

(In millions of yen, unless otherwise stated)	Six Months Ended September 30,	
	2021	2022
Revenue	1,365,907	1,721,649
Cost of sales	588,584	712,079
Gross profit	777,322	1,009,569
Selling, general and administrative expenses	551,132	780,975
Other operating income	1,656	1,511
Other operating expenses	4,918	2,152
Operating income	222,928	227,953
Share of profit (loss) of associates and joint ventures	2,088	73
Finance income	1,229	4,951
Finance costs	2,401	2,579
Profit before tax	223,843	230,398
Income tax expense	58,358	59,442
Profit for the period	165,485	170,955
Profit attributable to:		
Owners of the parent	165,169	169,745
Non-controlling interests	315	1,210
Profit for the period	165,485	170,955
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	101.06	105.44
Diluted earnings per share (yen)	100.65	104.99

For the Three-Month Period

(In millions of yen, unless otherwise stated)	Three Months Ended September 30,	
	2021	2022
Revenue	701,194	878,473
Cost of sales	296,551	364,525
Gross profit	404,643	513,947
Selling, general and administrative expenses	284,158	404,871
Other operating income	828	564
Other operating expenses	3,103	1,058
Operating income	118,210	108,582
Share of profit (loss) of associates and joint ventures	1,412	(1,219)
Finance income	548	4,317
Finance costs	1,735	1,342
Profit before tax	118,436	110,338
Income tax expense	30,994	24,481
Profit for the period	87,441	85,857
Profit attributable to:		
Owners of the parent	87,305	85,272
Non-controlling interests	136	584
Profit for the period	87,441	85,857
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	53.42	52.96
Diluted earnings per share (yen)	53.26	52.73

Condensed Quarterly Consolidated Statements of Comprehensive Income

For the Six-Month Period

(In millions of yen)	Six Months Ended September 30,	
	2021	2022
Profit for the period	165,485	170,955
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	(5,312)	3,237
Remeasurements of defined retirement benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	35	125
Subtotal	(5,277)	3,363
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	13,332	173,984
Effective portion of changes in fair value of cash flow hedges	(37)	38
Subtotal	13,295	174,022
Other comprehensive income (loss) for the period, net of tax	8,017	177,386
Comprehensive income for the period	173,503	348,341
Comprehensive income attributable to:		
Owners of the parent	173,135	345,809
Non-controlling interests	367	2,531
Comprehensive income for the period	173,503	348,341

For the Three-Month Period

(In millions of yen)	Three Months Ended September 30,	
	2021	2022
Profit for the period	87,441	85,857
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	(6,475)	6,954
Remeasurements of defined retirement benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	(5)	107
Subtotal	(6,480)	7,062
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	7,297	55,096
Effective portion of changes in fair value of cash flow hedges	(83)	5
Subtotal	7,214	55,102
Other comprehensive income (loss) for the period, net of tax	733	62,164
Comprehensive income for the period	88,174	148,021
Comprehensive income attributable to:		
Owners of the parent	87,982	146,718
Non-controlling interests	192	1,303
Comprehensive income for the period	88,174	148,021

Condensed Quarterly Consolidated Statements of Changes in Equity

For the Six Months Ended September 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			165,169				
Other comprehensive income						13,288	(37)
Comprehensive income for the period	-	-	165,169	-	-	13,288	(37)
Transfer from other components of equity to retained earnings			(5,284)				
Purchase of treasury stock		(26)		(2,850)			
Disposal of treasury stock		(227)		1,000	(604)		
Dividends			(17,159)				
Share-based payments					13,265		
Equity transactions with non-controlling interests							
Other			33				
Transactions with owners - total	-	(254)	(22,409)	(1,850)	12,661	-	-
Balance at September 30, 2021	40,000	17,168	1,344,333	(181,998)	21,649	16,836	149

	Equity attributable to owners of the parent				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, 2021	-	-	12,723	1,091,571	9,717	1,101,289
Profit for the period			-	165,169	315	165,485
Other comprehensive income	(5,284)		7,965	7,965	51	8,017
Comprehensive income for the period	(5,284)	-	7,965	173,135	367	173,503
Transfer from other components of equity to retained earnings	5,284		5,284	-		-
Purchase of treasury stock			-	(2,877)		(2,877)
Disposal of treasury stock			(604)	168		168
Dividends			-	(17,159)	(501)	(17,660)
Share-based payments			13,265	13,265		13,265
Equity transactions with non-controlling interests			-	-	1,928	1,928
Other			-	33		33
Transactions with owners - total	5,284	-	17,946	(6,568)	1,427	(5,141)
Balance at September 30, 2021	-	-	38,635	1,258,138	11,512	1,269,650

For the Six Months Ended September 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			169,745				
Other comprehensive income						172,981	38
Comprehensive income for the period	-	-	169,745	-	-	172,981	38
Transfer from other components of equity to retained earnings			3,044				
Purchase of treasury stock		(26)		(2,064)			
Disposal of treasury stock		3,258		5,826	(9,146)		
Dividends			(16,897)				
Share-based payments					29,679		
Equity transactions with non-controlling interests		255					
Transactions with owners - total	-	3,486	(13,853)	3,762	20,532	-	-
Balance at September 30, 2022	40,000	24,127	1,620,839	(294,694)	55,215	274,891	91

	Equity attributable to owners of the parent				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			-	169,745	1,210	170,955
Other comprehensive income	3,044		176,064	176,064	1,321	177,386
Comprehensive income for the period	3,044	-	176,064	345,809	2,531	348,341
Transfer from other components of equity to retained earnings	(3,044)		(3,044)	-		-
Purchase of treasury stock			-	(2,091)		(2,091)
Disposal of treasury stock			(9,146)	(60)		(60)
Dividends			-	(16,897)	(828)	(17,726)
Share-based payments			29,679	29,679		29,679
Equity transactions with non-controlling interests			-	255	(435)	(180)
Transactions with owners - total	(3,044)	-	17,488	10,885	(1,264)	9,620
Balance at September 30, 2022	-	-	330,198	1,720,470	13,786	1,734,257

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)	Six Months Ended September 30,	
	2021	2022
Cash flows from operating activities		
Profit before tax	223,843	230,398
Depreciation and amortization	61,450	60,555
Share-based payment expenses	12,181	30,007
(Increase) decrease in trade and other receivables	(17,397)	(27,865)
Increase (decrease) in trade and other payables	(25,951)	12,061
Other	14,857	(13,528)
Subtotal	268,984	291,627
Interest and dividends received	1,147	3,861
Interest paid	(2,130)	(1,962)
Income taxes paid	(93,798)	(66,245)
Net cash provided by operating activities	174,203	227,281
Cash flows from investing activities		
Payment for purchase of property and equipment	(6,924)	(8,944)
Payment for purchase of intangible assets	(24,123)	(25,725)
Proceeds from sales of investments in associates and joint ventures	-	39,531
Other	(7,383)	1,575
Net cash provided by (used in) investing activities	(38,431)	6,436
Cash flows from financing activities		
Repayments of long-term borrowings	(12,478)	(12,478)
Repayments of lease liabilities	(21,619)	(21,972)
Payment for purchase of treasury stock	(2,877)	(2,091)
Dividends paid	(17,159)	(16,909)
Other	2,129	1,052
Net cash used in financing activities	(52,005)	(52,399)
Effect of exchange rate changes on cash and cash equivalents	5,172	116,805
Net increase (decrease) in cash and cash equivalents	88,937	298,123
Cash and cash equivalents at the beginning of the period	501,043	669,551
Cash and cash equivalents at the end of the period	589,981	967,675

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 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 six months ended September 30, 2021 and the three months ended September 30, 2021 have 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 Six Months Ended September 30, 2021

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	395,700	307,412	662,793	1,365,907	-	1,365,907
Intersegment revenue or transfers	3,209	2,309	7,993	13,511	(13,511)	-
Total	398,909	309,722	670,786	1,379,419	(13,511)	1,365,907
Segment profit (loss)	167,169	64,000	50,315	281,484	(2,943)	278,540
Depreciation and amortization (Note)						40,168
Share-based payment expenses						12,181
Other operating income						1,656
Other operating expenses						4,918
Operating income						222,928
Share of profit (loss) of associates and joint ventures						2,088
Finance income						1,229
Finance costs						2,401
Profit before tax						223,843

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

For the Six Months Ended September 30, 2022

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	582,405	362,657	775,709	1,720,772	877	1,721,649
Intersegment revenue or transfers	1,913	3,007	10,317	15,238	(15,238)	-
Total	584,318	365,665	786,027	1,736,011	(14,361)	1,721,649
Segment profit (loss)	186,777	59,273	55,203	301,254	(3,603)	297,650
Depreciation and amortization (Note)						39,048
Share-based payment expenses						30,007
Other operating income						1,511
Other operating expenses						2,152
Operating income						227,953
Share of profit (loss) of associates and joint ventures						73
Finance income						4,951
Finance costs						2,579
Profit before tax						230,398

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

For the Three Months Ended September 30, 2021

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	212,891	156,691	331,612	701,194	-	701,194
Intersegment revenue or transfers	1,596	1,182	3,987	6,766	(6,766)	-
Total	214,488	157,873	335,599	707,961	(6,766)	701,194
Segment profit (loss)	92,360	32,400	24,023	148,784	(1,647)	147,136
Depreciation and amortization (Note)						20,196
Share-based payment expenses						6,454
Other operating income						828
Other operating expenses						3,103
Operating income						118,210
Share of profit (loss) of associates and joint ventures						1,412
Finance income						548
Finance costs						1,735
Profit before tax						118,436

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

For the Three Months Ended September 30, 2022

(In millions of yen)	Reportable Segment				Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing	Total		
Revenue						
Revenue from external customers	299,389	183,703	394,935	878,028	444	878,473
Intersegment revenue or transfers	1,178	1,508	5,328	8,015	(8,015)	-
Total	300,567	185,211	400,264	886,043	(7,570)	878,473
Segment profit (loss)	91,256	27,926	27,907	147,089	(1,775)	145,314
Depreciation and amortization (Note)						19,614
Share-based payment expenses						16,623
Other operating income						564
Other operating expenses						1,058
Operating income						108,582
Share of profit (loss) of associates and joint ventures						(1,219)
Finance income						4,317
Finance costs						1,342
Profit before tax						110,338

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

2. Significant Subsequent Events

Share repurchase

The Company resolved, at its Board of Directors meeting held on October 17, 2022, to implement a share repurchase program (the "Share Repurchases"), pursuant to Article 156 of the Companies Act as applied by replacing certain terms pursuant to Article 165, Paragraph 3 of the said Act.

(1) Reasons for the Share Repurchases

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.

The challenging macroeconomic environment continues to have a significant impact on the global equity markets. Under this situation and considering multiple factors including the capacity to pursue strategic business investments, the stock price level, the market environment, and the outlook for its financial position, in line with the Company's capital allocation policy, the Company believes acquiring its own shares improves capital efficiency and offers the best return available on shareholders' capital at this time.

The Company maintains an Equity Incentive Plan (the "Plan") primarily for HR Technology SBU employees in order to emphasize the significance of their contributions toward enhancing the Company's enterprise value. The shares to be repurchased through the Share Repurchases in part or whole are expected to be used for the execution of the Plan in the future.

(2) Details of the purchase

(i) Class of shares to be repurchased	Common stock
(ii) Total number of shares to be repurchased	42,000,000 shares (maximum) (up to 2.55% of total number of shares issued (excludes treasury stock))
(iii) Total purchase price	150,000 million yen (maximum)
(iv) Period for the Share Repurchases	From October 18, 2022 to March 14, 2023
(v) Method of repurchases	Market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with transaction discretion

* The ratio to the total number of shares issued (excludes treasury shares) above includes the number of shares of the Company held in the trust account of the BIP Trust and the equity-settled ESOP Trust.

(3) Repurchase as of October 31, 2022

(i) Class of shares repurchased	Common stock
(ii) Total number of shares repurchased	1,951,200 shares
(iii) Total purchase price	8,774 million yen