

Recruit Holdings Announces Additional and Revised Consolidated Financial Guidance for FY2022

TOKYO, JAPAN (March 23, 2023) – Recruit Holdings Co., Ltd. (TSE: 6098) resolved at the Board of Directors meeting held today to announce guidance for operating income, profit before tax, profit attributable to owners of the parent, basic earnings per share, and to revise upward its adjusted EPS guidance for the fiscal year ending March 31, 2022 (FY2022).

There is no change in the Company’s FY2022 consolidated guidance for revenue, adjusted EBITDA, and year-end dividend forecast.

As part of the Company’s measures to reduce and control operating expenses due to the challenging macroeconomic outlook, the Company’s subsidiaries in the HR Technology segment announced, on March 22, that they anticipate reducing their workforce by approximately 2,400 employees, representing about 15% of segment total employees. In the fourth quarter of FY2022, the Company expects to record estimated restructuring charges of approximately 18.0 billion yen related to employee severance benefits and other associated costs. In addition, the Company expects to record a one time charge of approximately 12.0 billion yen for impairment losses in relation to software in the Matching & Solutions segment and the Staffing segment in the fourth quarter of FY2022. In order to reflect the impact from these actions, the Company is disclosing additional financial guidance for operating income and other profit measures. The Company anticipates that the reduction in workforce will lead to a decrease in share-based payment expenses for the HR Technology segment during the fourth quarter of FY2022. This reduction in expenses is expected to increase adjusted profit, resulting in an upward revision of the adjusted EPS guidance for FY2022.

In addition to the above, the Company may record expenses related to other cost control measures in the HR Technology segment and other impairment losses related to the Staffing segment’s Europe, US and Australia business in the fourth quarter of FY2022 in other operating expenses.

For the fiscal year ending March 31, 2024 (FY2023), the Company expects the effect of the workforce reduction in the HR Technology segment to be approximately 500 million US dollars, equal to approximately 63.5 billion yen, in annualized cost savings. The effects from other cost control measures are being assessed.

Even in an uncertain business environment, the Company remains committed to pursuing its business strategies, “Simplify Hiring”, “Help Businesses Work Smarter”, and “Prosper Together” while balancing investments to achieve long term growth with near-term cost reduction measures.

Additional and Revised Consolidated financial guidance for FY2022

(In millions of yen, unless otherwise stated)	FY2021 Results (A)	Previous FY2022 Guidance (B)	Updated FY2022 Guidance(C)	Difference: Updated FY2022 - FY2021 Results (C-A)	% Change: Updated FY2022/ FY2021 Results (C/A)	Difference: Updated FY2022 - Previous FY2022 (C-B)	% Change: Updated FY2022/ Previous FY2022 (C/B)
Revenue	2,871,705	3,425,000	3,425,000	553,295	19.3%	0.0	0.0%
Adjusted EBITDA	511,816	525,000	525,000	13,184	2.6%	0.0	0.0%
Operating income	378,929	N/A	341,000	-37,929	-10.0%	N/A	N/A
Profit before tax	382,749	N/A	362,000	-20,749	-5.4%	N/A	N/A

Profit attributable to owners of the parent	296,833	N/A	270,000	-26,833	-9.0%	N/A	N/A
Basic EPS (Yen)	181.68	N/A	169.50	-12.18	-6.7%	N/A	N/A
Adjusted EPS(Yen)	188.94	180.00	190.50	1.56	0.8%	10.50	5.8%

From FY2022, the Company changed the adjustment items for adjusted EBITDA and adjusted EPS. Adjusted EBITDA and adjusted EPS for FY2021 are calculated based on the new 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

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<https://recruit-holdings.com>