

August 10, 2023

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Three Months Ended June 30, 2023 (IFRS, Unaudited)

Tokyo, August 10, 2023 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

Consolidated Operating Results

(In billions of yen, unless otherwise stated)	Three Months Ended June 30,		% change
	2022	2023	
Revenue	843.1	850.8	0.9%
Adjusted EBITDA	152.3	165.9	8.9%
Operating income	119.3	121.6	1.9%
Profit before tax	120.0	130.2	8.5%
Profit for the period	85.0	98.3	15.5%
Profit attributable to owners of the parent	84.4	98.0	16.1%
Total comprehensive income	200.3	231.6	15.7%
Basic EPS (yen)	52.48	62.04	18.2%
Diluted EPS (yen)	52.28	61.43	17.5%
Adjusted EPS (yen)	54.06	63.63	17.7%

Consolidated Financial Position

(In billions of yen, unless otherwise stated)	As of March 31, 2023	As of June 30, 2023
Total assets	2,793.2	2,955.0
Total equity	1,640.9	1,875.6
Equity attributable to owners of the parent	1,627.0	1,860.0
Ratio of equity attributable to owners of the parent (%)	58.2%	62.9%

Dividends

(In yen, unless otherwise stated)	FY2022	FY2023	FY2023 (Guidance)
At the end of Q1	-	-	-
At the end of Q2	11.00	-	11.50
At the end of Q3	-	-	-
At the end of Q4	11.00	-	11.50
Total	22.00	-	23.00

Consolidated Financial Guidance for FY2023

The Company has revised the financial guidance for FY2023 from the figures announced on May 15, 2023 as below.

(In billions of yen, unless otherwise stated)	FY2023 1H Outlook	Year over year % change	FY2023 Guidance	Year over year % change
Revenue	1,675.8 - 1,700.8	-2.7% - -1.2%	-	-
Adjusted EBITDA	308.9 - 331.9	+3.8% - +11.5%	-	-

For Q2 FY2023, based on the outlook for 1H FY2023, the Company expects revenue to be 825 to 850 billion of yen, a decrease of 3.2% to 6.1% year over year and adjusted EBITDA to be 143 to 166 billion of yen, a decrease of 1.6% to an increase of 14.2% year over year.

The Company is not providing consolidated financial guidance for FY2023 at this time as it is difficult to predict the scale and the duration of the market's contraction and the effect that will have on the Company's financial performance. The Company is providing the outlook for Q2 of FY2023 as a range for consolidated revenue and adjusted EBITDA. The Company expects to disclose the consolidated guidance for FY2023 when it becomes reasonably feasible to do so.

Please refer to page 10, Qualitative information on Consolidated Financial Guidance for more details.

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, 2023	As of June 30, 2023
Number of issued shares including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock*	116,844,804	114,399,985

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2023
Average number of shares during the period	1,609,605,471	1,580,692,781

*The number of treasury stock 114,399,985 as of June 30, 2023 includes treasury stock held by the Company (49,041,065 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 (65,358,920 shares).

Definition of the Abbreviation

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

Definition of the Financial Measures

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

Supplementary Information

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

Average exchange rate during the period

(In yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	
US dollar	129.73	138.27	141.38	132.42	137.49	
Euro	138.26	139.26	144.26	142.16	149.58	
Australian dollar	92.69	94.49	92.82	90.58	91.87	

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, many of which are outside the Company's control, including changes in economic conditions, changes in individual users' preferences and business clients' needs, competition, changes in the legal and regulatory environment including changes in laws and regulations or guidance, interpretation, enforcement or practice relating to laws and regulations, 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 FY2023 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, 2022 and 2023.

(In billions of yen, unless otherwise stated)	Three Months Ended June 30,		% change
	2022	2023	
<i>Consolidated operating results</i>			
Revenue	843.1	850.8	0.9%
Operating income	119.3	121.6	1.9%
Profit before tax	120.0	130.2	8.5%
Profit for the period	85.0	98.3	15.5%
Profit attributable to owners of the parent	84.4	98.0	16.1%
Basic EPS (yen)	52.48	62.04	18.2%
<i>Management Key Performance Indicators</i>			
Adjusted EBITDA	152.3	165.9	8.9%
Adjusted EBITDA margin	18.1%	19.5%	-
Adjusted EPS (yen)	54.06	63.63	17.7%

Consolidated revenue for Q1 FY2023 increased 0.9% as revenue in Matching & Solutions and Staffing increased while revenue in HR Technology decreased. Excluding the positive impact of exchange rate fluctuations of 25.6 billion yen, revenue decreased 2.1%.

Consolidated operating income for Q1 FY2023 was 121.6 billion yen, an increase of 1.9% year over year. Consolidated profit attributable to owners of the parent for Q1 FY2023 was 98.0 billion, an increase of 16.1% year over year.

Consolidated adjusted EBITDA margin for Q1 FY2023 was 19.5%, consolidated adjusted EBITDA increased 8.9%, and adjusted EPS was 63.63 yen, an increase of 17.7%.

The following table presents the selling, general and administrative expenses for the three months ended June 30, 2022 and 2023.

(In billions of yen)	Three Months Ended June 30,		% change
	2022	2023	
Sales commission	8.4	8.4	-0.6%
Promotion expenses	16.8	15.9	-5.4%
Advertising expenses	73.1	50.8	-30.5%
Employee benefit expenses	169.3	183.7	8.5%
Service outsourcing expenses	48.4	54.7	13.0%
Rent expenses	6.6	7.4	11.1%
Depreciation and amortization	28.9	26.8	-7.2%
Other	24.2	22.8	-6.0%
Total	376.1	370.8	-1.4%

The following table presents the share-based payment expenses as well as research and development expenses for the three months ended June 30, 2022 and 2023.

(In billions of yen)	Three Months Ended June 30,		% change
	2022	2023	
Share-based payment expenses ¹	13.3	23.0	72.4%
Research and development expenses ²	30.9	37.9	22.9%

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.

Results of Operations by Segment

HR Technology

The following table presents the financial results for the three months ended June 30, 2022 and 2023 for the HR Technology segment.

(In billions of yen, unless otherwise stated)	Three Months Ended June 30,		% change
	2022	2023	
Revenue			
US	210.0	181.1	-13.7%
Non-US	73.7	76.7	4.0%
Total	283.7	257.9	-9.1%
Adjusted EBITDA	95.5	98.1	2.7%
Adjusted EBITDA margin	33.7%	38.1%	-
Revenue in million US dollars (\$)			
US	1,618	1,317	-18.6%
Non-US	568	557	-1.8%
Total	2,187	1,875	-14.2%

Revenue for Q1 FY2023 decreased 9.1%. On a US dollar basis, revenue decreased 14.2%. The supply and demand mismatch between job seekers and employers continued to ease, with global labor markets normalizing, particularly in the US. Total job postings on Indeed, composed of free and sponsored jobs postings, declined year over year in many countries where HR Technology operates, including the US, while job seeker activity as measured by traffic to, and applies on, Indeed and Glassdoor increased year over year.

On a US dollar basis, revenue in the US decreased 18.6% driven by a decrease in demand for sponsored jobs year over year. Revenue outside of the US decreased 1.8%.

Adjusted EBITDA margin for Q1 FY2023 increased 4.4 percentage points to 38.1%, primarily due to reductions in global advertising expenses while continuing investments in product and technology initiatives for future growth.

Matching & Solutions

The following table presents the financial results for the three months ended June 30, 2022 and 2023 for the Matching & Solutions segment.

(In billions of yen)	Three Months Ended June 30,		% change
	2022	2023	
Revenue			
Marketing Solutions	104.8	116.6	11.2%
HR Solutions	72.6	80.8	11.3%
Others and Eliminations	2.9	2.5	-14.7%
Total	180.4	199.9	10.8%
Adjusted EBITDA	31.3	42.5	35.7%
Adjusted EBITDA margin	17.4%	21.3%	-

Revenue in Matching & Solutions for Q1 FY2023 increased 10.8%.

Revenue in Marketing Solutions increased 11.2% as revenue in Housing & Real Estate, Beauty, Travel, Bridal, and Dining all increased. Housing & Real Estate and Beauty continued to account for more than 50% of revenue in Marketing Solutions.

Revenue in HR Solutions increased 11.3%. Hiring demand continued to increase across many of the industries served, while some business clients began to act cautiously on hiring.

Adjusted EBITDA margin in Matching & Solutions for Q1 FY2023 increased 3.9 percentage points to 21.3% mainly due to cost control measures related to advertising expenses while continuing to invest in marketing activities and other areas for future growth.

Matching & Solutions' strategy is to "Help Businesses Work Smarter," including by improving clients' productivity and business results through their use of our ecosystem of matching platforms and SaaS solutions centered on Air BusinessTools.

The current priority for Air BusinessTools is to increase the number of SaaS registered accounts. As of June 30, 2023, the

number of SaaS registered accounts¹, the number of AirPAY registered accounts and the number of “cross use” accounts using both AirPAY and another Air BusinessTools solution increased year over year. Revenue from Air BusinessTools is included in Marketing Solutions, the details of which are presented in the following table.

(In thousands of accounts) As of	FY2022				FY2023
	June 30	September 30	December 31	March 31	June 30
Registered accounts ¹	2,642	2,833	3,004	3,193	3,343
YoY % Change	34.4%	35.4%	32.7%	30.3%	26.5%
AirPAY	304	328	359	394	417
YoY % Change	32.8%	36.4%	37.8%	40.2%	37.4%
Cross-use of AirPAY and other Air BusinessTools ²	188	199	211	225	236
YoY % Change	29.0%	28.7%	28.1%	28.2%	25.7%
AirWORK ATS	449	524	594	639	658
YoY % Change	101.9%	97.5%	89.5%	68.3%	46.6%

¹ Cumulative number of registered accounts of paid and unpaid SaaS solutions provided by Matching & Solutions SBU in Japan as of June 30, 2023. Registered accounts refer to the number of stores and business locations that have registered for each relevant service including both active and non-active accounts.

² Cross-use of AirPAY and other Air BusinessTools accounts that use AirPAY and at least one of the following solutions: AirREGI, AirRESERVE, AirWAIT, AirSHIFT, AirREGI ORDER, or AirMATE.

Staffing

The following table presents the financial results for the three months and ended June 30, 2022 and 2023 for the Staffing segment.

(In billions of yen)	Three Months Ended June 30,		% change
	2022	2023	
Revenue			
Japan	165.1	186.1	12.7%
Europe, US, and Australia	220.5	215.2	-2.4%
Total	385.7	401.4	4.1%
Adjusted EBITDA	27.2	26.7	-2.0%
Adjusted EBITDA margin	7.1%	6.7%	-

Revenue for Q1 FY2023 increased 4.1% with an increase in revenue for *Japan* offset by a decrease in revenue for *Europe, US, and Australia*. Excluding the positive impact of exchange rate fluctuations of 11 billion yen, revenue increased 1.2%.

Revenue in *Japan* increased 12.7% due to an increase in the number of temporary staff on assignment as demand for staffing services grew.

Revenue in *Europe, US, and Australia* decreased 2.4% as demand for staffing services slowed against the backdrop of an uncertain economic outlook. Excluding the positive impact of exchange rate fluctuations of 11 billion yen, revenue decreased 7.4%.

Adjusted EBITDA margin for Q1 FY2023 was 6.7%, a decrease of 0.4 percentage points and adjusted EBITDA decreased 2.0%.

Management Actions for Q1 FY2023

Completion of the Self Tender Offer

The Company's Board of Directors resolved on May 17, 2023 to conduct a share repurchase of its common stock through a self tender offer that was conducted from May 18, 2023 to June 14, 2023. The Self Tender Offer was conducted at the purchase price of 3,326 yen, and the total number of shares purchased and the total share repurchase amount as of June 14, 2023 was 18.82 million shares and 62.6 billion yen, respectively. The total repurchase cost is expected to be recorded as a decrease in cash and cash equivalents in Q2 FY2023 as the delivery date of the treasury stock was July 6, 2023..

Please find more information on the website:

https://recruit-holdings.com/en/newsroom/20230517_0001/

https://recruit-holdings.com/en/newsroom/20230615_0001/

Business Strategy Presentation - ESG Fireside Chat

On July 4, 2023, 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/20230704_0001/

Analysis of Consolidated Financial Position

(In billions of yen)	As of March 31, 2023	As of June 30, 2023	Variance	% Change
Total current assets	1,465.3	1,576.3	110.9	7.6%
Total non-current assets	1,327.9	1,378.6	50.7	3.8%
Total assets	2,793.2	2,955.0	161.7	5.8%
Total current liabilities	782.7	702.9	-79.7	-10.2%
Total non-current liabilities	369.5	376.3	6.7	1.8%
Total liabilities	1,152.3	1,079.3	-73.0	-6.3%
Total equity attributable to owners of the parent	1,627.0	1,860.0	233.0	14.3%
Non-controlling interests	13.9	15.5	1.6	11.9%
Total equity	1,640.9	1,875.6	234.7	14.3%

Total current assets as of June 30, 2023 increased by 110.9 billion yen compared to the end of FY2022 mainly due to an increase in cash and cash equivalents.

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of June 30, 2023, 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, 2023.

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

(In billions of yen)	As of March 31, 2023	As of June 30, 2023	Variance	% Change
Cash and cash equivalents	877.3	965.7	88.3	10.1%
Interest-bearing debt (excludes lease liabilities)	35.2	36.0	0.7	2.1%
Net cash	842.0	929.7	87.6	10.4%

Analysis of Consolidated Cash Flows

(In billions of yen)	Three Months Ended June 30,		Variance
	2022	2023	
Net cash flows from operating activities	108.5	54.5	(54.0)
Net cash flows from investing activities	23.1	(14.5)	(37.6)
Net cash flows from financing activities	(28.9)	(28.6)	0.3
Effect of exchange rate changes on cash and cash equivalents	71.1	76.9	5.8
Net increase (decrease) in cash and cash equivalents	173.8	88.3	(85.4)
Cash and cash equivalents at the beginning of the period	669.5	877.3	207.8
Cash and cash equivalents at the end of the period	843.3	965.7	122.3

Q1 FY2023 net cash flows from operating activities was 54.5 billion yen, a decrease 54.0 billion yen year over year mainly due to expenses related to the workforce reduction in HR Technology, which had been accrued at the end of the previous fiscal year.

2. Qualitative Information on Consolidated Financial Guidance

For FY2023, the Company expects consolidated revenue and adjusted EBITDA to decrease year over year as the size of the HR Matching market is expected to contract due to a deteriorating economic environment in the US and Europe and a resulting slowdown of hiring activities.

However, since it is difficult to predict the scale and the duration of the market's contraction and the effect that will have on the Company's financial performance, the Company is not providing consolidated financial guidance for FY2023 at this time.

Instead, the Company is providing the outlook for Q2 and the first half of FY2023 for consolidated revenue and adjusted EBITDA within a range with the assumption that there will not be a sudden slowdown in the economic environment. The Company expects to disclose the consolidated guidance for FY2023 when it becomes reasonably feasible to do so.

(In billions of yen)	Revenue		Adjusted EBITDA	
		Year over year % change		Year over year % change
FY2023 Q2	825.0 - 850.0	-6.1% - -3.2%	143.0 - 166.0	-1.6% - +14.2%
FY2023 1H	1,675.8 - 1,700.8	-2.7% - -1.2%	308.9 - 331.9	+3.8% - +11.5%
FY2023	-	-	-	-

The foreign exchange rate assumptions for Q2 FY2023 are 139 yen per US dollar, 152 yen per Euro and 94 yen per Australian dollar.

The following are the current assumptions regarding the business environment and the financial outlook for each segment as of August 10, 2023.

HR Technology

Revenue on a US dollar basis in July decreased approximately 17% year over year. In Q2 FY2023, assuming no sharp deterioration in the economic environment, revenue on a US dollar basis is expected to decline approximately 7% to 2.5% quarter over quarter, which is equal to a decrease of approximately 20% to 16% year over year.

Adjusted EBITDA margin is expected to be approximately 33% to 37% due to the implementation of cost reduction measures.

The Company will respond to changes in the business environment and implement cost control measures as needed, while balancing continued strategic investments for long-term growth. However, the Company does not expect to maintain the level of adjusted EBITDA margin forecasted for Q2 throughout the fiscal year.

There is no change in the Company's outlook for FY2023 for a decrease in HR Technology revenue and adjusted EBITDA year over year, as previously announced on May 15, 2023 as the Company expects revenue and adjusted EBITDA for the second half of fiscal year to decrease year over year.

Matching & Solutions

Revenue for Q2 of FY2023 in Marketing Solutions is expected to increase approximately 7% year over year and to increase approximately 9% year over year in HR Solutions, and adjusted EBITDA margin for Matching & Solutions is expected to be approximately 22%.

There is no revision to the FY2023 outlook based on the assumption that Japan's economic environment will not change significantly. The Company expects revenue in Marketing Solutions to increase approximately 4% and in HR Solutions approximately 6%. Adjusted EBITDA margin for FY2023 is expected to be approximately 20%.

Staffing

For Q2 of FY2023, revenue in *Japan* and in *Europe, US and Australia* is expected to be approximately flat quarter over quarter. Year over year, revenue in *Japan* is expected to increase approximately 11%, and revenue in *Europe, US and Australia* is expected to decrease approximately 7%. Adjusted EBITDA margin is expected to be approximately 6.5%.

There is no revision to the FY2023 outlook. Revenue in *Japan* is expected to increase approximately 9% year over year. For Staffing segment, and *Europe, US and Australia*, the Company expects revenue to decrease in FY2023, while due to the uncertainty in the labor market environment and its impact to the business in Europe and the US, the Company continues not to provide a full-year revenue outlook. The Company expects adjusted EBITDA margin to be approximately 6%.

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

Condensed Quarterly Consolidated Statements of Financial Position

(In millions of yen)	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	877,370	965,740
Trade and other receivables	527,558	528,259
Other financial assets	6,629	9,087
Other assets	53,784	73,238
Total current assets	1,465,342	1,576,325
Non-current assets		
Property and equipment	70,990	72,736
Right-of-use assets	185,036	182,067
Goodwill	462,977	499,501
Intangible assets	187,634	194,267
Investments in associates and joint ventures	26,967	26,244
Other financial assets	228,326	238,900
Deferred tax assets	161,301	157,796
Other assets	4,704	7,164
Total non-current assets	1,327,939	1,378,679
Total assets	2,793,281	2,955,005

(In millions of yen)	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	349,916	309,630
Bonds and borrowings	33,845	34,614
Lease liabilities	41,167	44,116
Other financial liabilities	408	98
Income tax payables	70,122	32,259
Provisions	9,876	8,522
Other liabilities	277,442	273,738
Total current liabilities	782,777	702,979
Non-current liabilities		
Bonds and borrowings	1,429	1,408
Lease liabilities	178,513	176,258
Other financial liabilities	495	166
Provisions	12,068	12,916
Net liability for retirement benefits	61,244	61,626
Deferred tax liabilities	107,617	115,022
Other liabilities	8,185	8,942
Total non-current liabilities	369,554	376,341
Total liabilities	1,152,332	1,079,321
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	33,754	39,011
Retained earnings	1,711,350	1,800,484
Treasury stock	(432,612)	(424,893)
Other components of equity	274,517	405,485
Total equity attributable to owners of the parent	1,627,010	1,860,088
Non-controlling interests	13,939	15,595
Total equity	1,640,949	1,875,684
Total liabilities and equity	2,793,281	2,955,005

Condensed Quarterly Consolidated Statements of Profit or Loss

(In millions of yen, unless otherwise stated)	Three Months Ended June 30,	
	2022	2023
Revenue	843,175	850,828
Cost of sales	347,553	355,210
Gross profit	495,622	495,617
Selling, general and administrative expenses	376,103	370,806
Other operating income	947	1,130
Other operating expenses	1,093	4,286
Operating income	119,371	121,654
Share of profit (loss) of associates and joint ventures	1,292	18
Finance income	1,340	9,812
Finance costs	1,944	1,221
Profit before tax	120,060	130,263
Income tax expense	34,961	31,953
Profit for the period	85,098	98,309
Profit attributable to:		
Owners of the parent	84,472	98,060
Non-controlling interests	625	249
Profit for the period	85,098	98,309
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	52.48	62.04
Diluted earnings per share (yen)	52.28	61.43

Condensed Quarterly Consolidated Statements of Comprehensive Income

(In millions of yen)	Three Months Ended June 30,	
	2022	2023
Profit for the period	85,098	98,309
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	(3,717)	8,438
Remeasurements of defined retirement benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	17	6
Subtotal	(3,699)	8,444
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	118,887	124,824
Effective portion of changes in fair value of cash flow hedges	33	97
Subtotal	118,920	124,922
Other comprehensive income (loss) for the period, net of tax	115,221	133,366
Comprehensive income for the period	200,319	231,676
Comprehensive income attributable to:		
Owners of the parent	199,091	230,838
Non-controlling interests	1,228	838
Comprehensive income for the period	200,319	231,676

Condensed Quarterly Consolidated Statements of Changes in Equity

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				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

For the Three Months Ended June 30, 2023

	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, 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				Non-controlling interests	Total equity
	Other components of equity		Total			
	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, 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

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)	Three Months Ended June 30,	
	2022	2023
Cash flows from operating activities		
Profit before tax	120,060	130,263
Depreciation and amortization	30,051	28,059
Share-based payment expenses	13,383	23,078
(Increase) decrease in trade and other receivables	(8,276)	20,505
Increase (decrease) in trade and other payables	2,205	(48,890)
Other	(12,055)	(32,876)
Subtotal	145,368	120,139
Interest and dividends received	1,082	8,876
Interest paid	(821)	(1,176)
Income taxes paid	(37,051)	(73,280)
Net cash provided by operating activities	108,578	54,558
Cash flows from investing activities		
Payment for purchase of property and equipment	(4,203)	(2,495)
Payment for purchase of intangible assets	(12,499)	(13,895)
Proceeds from sales of investments in associates and joint ventures	39,531	-
Other	285	1,857
Net cash provided by (used in) investing activities	23,114	(14,533)
Cash flows from financing activities		
Repayments of lease liabilities	(10,110)	(11,468)
Payment for purchase of treasury stock	(2,063)	(3,602)
Dividends paid	(16,740)	(17,193)
Other	(42)	3,625
Net cash used in financing activities	(28,957)	(28,638)
Effect of exchange rate changes on cash and cash equivalents	71,100	76,982
Net increase (decrease) in cash and cash equivalents	173,836	88,369
Cash and cash equivalents at the beginning of the period	669,551	877,370
Cash and cash equivalents at the end of the period	843,388	965,740

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.

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

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, 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.

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.

2. 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)	Three Months Ended June 30,			
	2022		2023	
	Number of shares (shares)	Carrying amount	Number of shares (shares)	Carrying amount
Treasury stock directly held by Recruit Holdings	49,041,017	194,804	49,041,065	194,804
Recruit Holdings shares held by the BIP trust and the ESOP trust	67,803,787	237,808	65,358,920	230,088
Total	116,844,804	432,612	114,399,985	424,893

3. Significant Subsequent Events

Share Repurchase

The Holding Company announced that its Board of Directors resolved on May 17, 2023 to conduct a share repurchase of its common stock through a tender offer as the specific purchase method, and implemented the following share repurchase program (the "Share Repurchases"), pursuant to Article 156, Paragraph 1 of the Companies Act as applied by replacing certain terms pursuant to Article 165, Paragraph 3 of the said Act and the provisions in the Articles of Incorporation of the Company.

(1) Details of the Board of Directors resolution concerning the share repurchase

- | | |
|---|---|
| (i) Type of shares to be repurchased | Common shares of Recruit Holdings |
| (ii) Total number of shares to be repurchased | 23,000,100 shares (Maximum)
(up to 1.35% of total number of shares issued and outstanding) |
| (iii) Total purchase price | 76,498 million yen (Maximum) |
| (iv) Acquisition period | From May 18, 2023 to July 31, 2023 |
| (v) Method of repurchases | Self tender offer |

(2) Date of the Share Repurchases

July 6, 2023

(3) Details of common stock repurchased pursuant to the Board of Directors resolution described above

- | | |
|---|-----------------------------------|
| (i) Type of shares repurchased | Common shares of Recruit Holdings |
| (ii) Total number of shares repurchased | 18,827,759 shares |
| (iii) Total purchase price | 62,621 million yen |