

## FAQ's for Q2 FY2022

Recruit Holdings Co., Ltd.

### Q1. How much did exchange rate fluctuations impact each segment's results in the three months and the six months ended September 30, 2022?

Our business results were positively impacted by exchange rate fluctuations in Q2 as the value of the Japanese yen depreciated compared to the same period of last fiscal year. The table below shows the revenue and YoY change in reported Japanese yen and on a constant currency basis for consolidated operating results, the Staffing segment and its sub-segment Europe, US and Australia. Please refer to Question 2 for the HR Technology segment.

(In billions of yen)			Three Months			Six Months		
			Ended September 30,			Ended September 30,		
			2021	2022	% change	2021	2022	% change
Consolidated Operating Results	Revenue	Reported	701.1	878.4	25.3%	1,365.9	1,721.6	26.0%
		Constant Currency	-	787.9	12.4%	-	1,567.3	14.8%
Staffing	Revenue	Reported	335.5	400.2	19.3%	670.7	786.0	17.2%
		Constant Currency	-	370.6	10.5%	-	736.8	9.9%
Staffing Europe, US and Australia	Revenue	Reported	189.8	234.2	23.3%	378.0	454.7	20.3%
		Constant Currency	-	204.6	7.8%	-	405.6	7.3%

### Q2. Regarding revenue of HR Technology, please tell us the growth rate excluding the impact of exchange rate fluctuations.

The US dollar reported revenue of Non-US in HR Technology was negatively impacted by exchange rate fluctuations in the first half of FY2022 as the value of the US dollar appreciated against the euro, British pound, Japanese yen and other relevant currencies compared to the same period of last fiscal year.

(In millions of USD)		Q1			Q2			1H		
		FY2021	FY2022	% change	FY2021	FY2022	% change	FY2021	FY2022	% change
US	Reported	\$1,295	\$1,618	24.9%	\$1,474	\$1,610	9.2%	\$2,769	\$3,229	16.6%
Non-US	Reported	388	568	46.5%	473	563	18.9%	862	1,131	31.3%
	Constant Currency	-	637	64.2%	-	657	38.7%	-	1,294	50.2%
Total	Reported	1,683	2,187	29.9%	1,948	2,173	11.6%	3,631	4,360	20.1%
	Constant Currency	-	2,256	34.0%	-	2,267	16.4%	-	4,523	24.6%

### Q3. What did you see in the global HR Matching market during Q2?

Please refer to the [transcript](#) of Q2 FY2022 earnings call.

### Q4. What is the latest trend on the labor market environment and its impact on the fiscal year revenue guidance for HR Technology?

Please refer to the [transcript](#) of Q2 FY2022 earnings call.

### Q5. What is the latest update on Unique Visitor traffic to Indeed?

The number of monthly Unique Visitors on Indeed was over 300 million<sup>1</sup> as of September 2022, an increase from over 250 million as of March 2022, which has been driven by marketing initiatives of Indeed, labor market factors, and changes in the data source.

Indeed has executed a number of plans that we believe have led to increased traffic to, and engagement on, Indeed sites including online and offline job seeker acquisition and branding efforts.

Concurrently, in the recovery from the impacts of COVID-19 on the labor market, there has been a partial or full rebound in the number of people participating in the labor force and an increase in the rate of job switching in many countries in which Indeed operates websites.

Additionally, we have changed the source of the Unique Visitor count from Google Analytics, a third party measurement tool, to a first party internal data tool to more accurately measure Unique Visitor traffic. As the online privacy environment has evolved and cookie restrictions have advanced, the ability for third parties to accurately track Unique Visitors via tools like Google Analytics has declined.

1 Source: Indeed internal data, from April to September 2022. Please refer to the appendix for the Unique Visitor data source and methodology.

#### **Q6. What is the impact of the current business environment on the fiscal year guidance for Matching & Solutions?**

There are many factors influencing the current economic situation and outlook in Japan. While there are recession concerns globally, in Japan there is specific concern about the potential impact of inflation, which may be caused by soaring raw material prices, impacted by high crude oil prices and the weak Japanese yen against the US dollar. At the same time, a positive economic impact is expected due to the relaxation of COVID-19 related restrictions on overseas visitors entering Japan.

The recovery of the economic activities of individual users and business clients is expected to continue as they continue to adapt to life with COVID-19. In Travel, due to the positive impact of the National Travel Discount program, which commenced from October 11th and runs through the end of December, the number of hotel guests booked on *Jalan*, an online platform for travel in Japan, has increased and is expected to positively impact the results of Marketing Solutions. Other businesses in Marketing Solutions, such as Housing & Real Estate, Beauty, Bridal, Dining and others, are performing in line with initial fiscal year expectations.

In HR Solutions, some business clients are getting cautious on hiring because of the weak Japanese yen against the US dollar and global economic uncertainty while overall hiring demand from business clients continues to increase due to the relaxation of COVID-19 related restrictions.

The impact of Japanese government subsidies is not reflected in the financial guidance for Matching & Solutions announced on May 16, 2022. Although the positive impact of the National Travel Discount program is expected in Travel, as the program has just started, the Company decided not to revise the range of the fiscal year revenue guidance for Marketing Solutions and HR Solutions.

Incremental strategic investments for the fiscal year, including strategic marketing expenses, of approximately 40 billion yen in Matching & Solutions announced on May 16, 2022 have progressed according to plan with a focus on return on investment in the first half. Going forward, we are prepared to control costs, balanced with continued strategic investments for long-term growth, while closely monitoring the macroeconomic environment and the outlook for the next fiscal year. At this moment, the fiscal year adjusted EBITDA margin guidance has not been revised.

#### **Q7. Have there been any new developments in Help Businesses Work Smarter, the business strategy focused on Matching & Solutions?**

AirWORK ATS, which has been actively promoted since rebranding as a service of Air BusinessTools in Q1 FY2021, is a centralized application management system that includes the creation of a career site and the automated posting of jobs on Indeed. The number of AirWORK ATS accounts as of September 30, 2022 increased 97.5% year over year to approximately 520,000.

AirWORK ATS is capable of connecting with other Air BusinessTools services through AirID which is a common ID among all services in Air BusinessTools, making business clients' hiring simpler and faster, and plays an important role in the ecosystem that Matching & Solutions aims to create. We expect the growth in the number of AirWORK ATS accounts to significantly contribute to the growth in the number of total Air BusinessTools SaaS accounts, a Key Performance Indicator (KPI) for Matching & Solutions.

(In thousand of accounts)	As of 2021				As of 2022		
	As of	June 30	September 30	December 31	March 31	June 30	September 30
SaaS accounts <sup>1</sup>		1,960	2,090	2,260	2,450	2,640	2,830
YoY % Change		33.7%	34.4%	34.2%	33.9%	34.4%	35.4%
AirPAY		228	241	260	281	304	329
YoY % Change		41.6%	40.3%	39.1%	33.6%	32.8%	36.4%
Cross use of AirPAY and other Air BusinessTools <sup>2</sup>		146	154	165	176	188	199
YoY % Change		34.6%	34.1%	33.6%	30.8%	29.0%	28.7%
AirWORK ATS		-	265	-	380	-	524
YoY % Change		-	-	-	-	-	97.5%

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.

2 Cross use of AirPAY and other Air BusinessTools counts accounts that uses more than one of following solutions: AirREGI, AirRESERVE, AirWAIT, AirSHIFT, AirREGI ORDER, and AirMATE

Gross payment volume (GPV) is another KPI for Matching & Solutions. Matching & Solutions currently expects annual GPV to exceed 1 trillion yen in FY2022. As an initiative to contribute to the expansion of GPV, AirPAY has accepted "Smart Code" provided by JCB Co., Ltd since October 26, 2022 resulting in the addition of 17 payment brands to AirPAY.

AirPAY also accepts "Rakuten PAY" provided by Rakuten Payment, Inc. as of the same day, to be followed by "Rakuten Point Card" in February 2023, and "Rakuten Edy" at a later date. Including "Smart Code" and "Rakuten PAY", AirPAY accepts 55 payment brands as of the end of October. As a result, business clients will be able to offer an even greater variety of payment methods to their customers through AirPAY, increasing the payment convenience for individual users, and helping continue the evolution of Help Businesses Work Smarter.

#### Q8. Please tell us about the progress made during FY2022 regarding "Prosper Together".

Through one of our business strategies, "Prosper Together," we have set specific goals for ESG (Environmental, Social, Governance) and created initiatives to help achieve those goals. The progress toward each target is as follows.

Environmental: Achieve carbon neutrality in the amount of greenhouse gas (GHG) emissions throughout our business activities by FY2021, and throughout our value chain by FY2030.

- As planned, we expect to achieve carbon neutrality in the amount of GHG emissions (Scope 1+2) throughout our business activities in FY2021<sup>1</sup>.
- Toward the goal of achieving carbon neutrality across our entire value chain (Scope 3), we formulated a GHG reduction plan in line with the "1.5°C pathway"<sup>2</sup> which aims to limit the increase in global average temperature to less than 1.5°C compared to the pre-industrial era. Since then, we committed to the Science Based Target initiative (SBTi) and submitted our reduction plan. The plan is currently under review to receive formal approval from the SBTi.
- We identified risks and opportunities from climate change in line with the TCFD Framework and disclosed them in our Annual Report for FY2021.

Social - Social impact (1): By FY2030, reduce the time it takes to get hired by half compared to that of FY2021.

- We found that it took approximately 15 weeks until most of the job seekers on the Indeed platform get jobs<sup>3</sup>, and set this as our baseline. Since then, we have been in the process of identifying issues and are considering ways to reduce the time to get hired.

Social - Social impact (2): Support 30 million people facing barriers to get hired by FY2030.

- We are helping job seekers through partnerships and technology. In FY2021, we focused on providing support to job seekers with criminal records and those who lack access to the transportation and technology critical to finding jobs.

Social - DEI<sup>4</sup>: By FY2030, achieve approximately 50% representation of women in senior executive positions, in managerial positions, and total employees of the entire group.

- We identified fundamental issues and proactively promoted women for senior executive positions, which include CEOs of main subsidiaries as well as executive officers of SBUs. As a result, the ratio of women in senior executive positions has increased from approximately 10% to 21% as of April 1, 2022<sup>5</sup>.

Governance: By FY2030, achieve approximately 50% ratio of women among the members of the Board of Directors, including Audit & Supervisory Board members, at Recruit Holdings.

- After the 2022 Annual General Meeting, the ratio of women on the Board has increased from 20% to approximately 27%<sup>6</sup>.
- The Board of Directors has decided to link the achievement of three-year targets for reducing GHG emissions and increasing the ratio of women employees to total employees to a portion of long-term incentive compensation<sup>7</sup> starting from FY2022.

We published "Recruit Group Profile 2022: Inside Out," which summarizes the medium- to long-term management strategies and corporate activities that Recruit Group is working on, centering on the progress toward the above commitment to sustainability. For details, please check our website (<https://recruit-holdings.com/ja/sustainability/data/>).

1 GHG emissions throughout business activities are the sum of direct emissions from the use of fuels in owned or controlled sources (Scope 1) and indirect emissions from the use of purchased electricity, heat, or steam in the owned or controlled sources (Scope 2). The Company will have achieved its FY2021 goal of carbon neutrality throughout its business activities upon completion of the following steps: Conducted measurement of FY2021 GHG emissions, obtained an accredited third-party assurance on the amount by November 2022, and offset those emissions.

2 The GHG emission reduction target established in line with the science-based decarbonizing level of limiting global temperature rise to 1.5 °C compared to the temperature before the Industrial Revolution, which was reported by the Intergovernmental Panel on Climate Change (IPCC).

3 Baseline job search duration calculated as of March 31, 2022. Calculated as the period from the time users started an active job search on the Indeed job platform to the time that 90% of such users had received a job offer (assuming for this purpose that the period it takes for 90% of users to receive a job offer represents a statistically significant value). The job search duration is calculated based on surveyed user data collected between September 2021 and March 2022.

4 DEI stands for Diversity, Equity and Inclusion.

5 The representation of women in Senior Executives are as of April 1, 2021 and 2022.

6 The ratio of women on the Board is as of July 1, 2021 and 2022.

7 Compensation based on ESG target achievements is set as a part of BIP trust (stock) compensation. Eligibility to receive this award and the payout amount will depend on whether or not the three-year target is achieved.

## **Q9. Please tell us about the share repurchase announced on October 17, 2022.**

On October 17, 2022, we announced the first standalone share repurchase program that is not related to the disposal of shares by Japanese business shareholders with market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with transaction discretion. The company plans to acquire up to 42,000,000 shares, during the period from October 18, 2022 to March 14, 2023 for up to 150 billion yen.

The challenging macroeconomic environment continues to have a significant impact on the global equity markets. Under this situation, the Company determined the immediate implementation of a share repurchase program was appropriate 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 shares to be repurchased through this share repurchase program in part or whole are expected to be used in the future for the execution of an Equity Incentive Plan primarily for HR Technology SBU employees.

In line with the Company's capital allocation policy, the Company will continue to pursue the possibility of share repurchases considering our business performance, strategic investment opportunities, and stock price level in a comprehensive manner, while monitoring stock market trends.

The dividend per share for 1H FY2022 is 11 yen and the full year dividend per share is expected to be 22 yen. The total payout ratio<sup>1</sup> for FY2022 is expected to be approximately 68%.

1 (Total annual dividend<sup>2</sup> + Total repurchase price<sup>3</sup>) / profit attributable to owners of the parent excluding non-recurring income/losses<sup>4</sup>

2 (Total number of shares issued and outstanding (excludes treasury stock) as of September 30, 2022- Total number of shares repurchased as of October 31, 2022) x 22 yen of the annual dividend forecasted

3 Maximum total purchase price for this program: 150 billion yen

4 Adjusted EPS guidance 170.65 yen x Average number of shares during the period of 6 months ended September 30, 2022

**Appendix**  
Historical Results of Operations by Segment

		FY2020					FY2021					FY2022	
(In billions of yen)		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
<b>Consolidated Operating Results</b>													
	Revenue	475.4	569.1	611.5	613.1	2,269.3	664.7	701.1	746.0	759.7	2,871.7	843.1	878.4
	YoY %	-20.0%	-6.2%	0.5%	4.0%	-5.4%	39.8%	23.2%	22.0%	23.9%	26.5%	26.8%	25.3%
	Adj. EBITDA	53.8	70.3	87.9	34.8	246.9	131.4	147.1	142.0	91.2	511.8	152.3	145.3
	Adj. EBITDA margin	11.3%	12.4%	14.4%	5.7%	10.9%	19.8%	21.0%	19.0%	12.0%	17.8%	18.1%	16.5%
<b>HR Technology</b>													
	Revenue in million USD (\$)	689	973	1,095	1,235	3,993	1,683	1,948	1,986	2,034	7,653	2,187	2,173
	YoY % USD (\$)	-25.8%	-2.3%	8.8%	26.8%	2.2%	144.5%	100.1%	81.3%	64.7%	91.6%	29.9%	11.6%
	Revenue	74.1	103.4	114.5	131.1	423.2	184.4	214.4	225.8	236.6	861.4	283.7	300.5
	YoY %	-27.5%	-3.1%	4.6%	23.3%	-0.4%	148.9%	107.3%	97.2%	80.4%	103.5%	53.9%	40.1%
	Adj. EBITDA	7.8	14.7	26.7	21.1	70.5	74.8	92.3	78.5	77.5	323.3	95.5	91.2
	Adj. EBITDA margin	10.6%	14.3%	23.4%	16.1%	16.7%	40.6%	43.1%	34.8%	32.8%	37.5%	33.7%	30.4%
<b>Matching &amp; Solutions</b>													
Marketing Solutions	Revenue	77.1	123.7	134.0	121.0	456.0	91.5	98.3	102.1	104.5	396.5	104.8	111.9
	YoY %	-27.1%	11.9% (-14.8%)	22.8% (-5.2%)	7.1% (-9.7%)	4.0% (-14.0%)	18.7%	-20.5% (4.3%)	-23.8% (-1.3%)	-13.6% (2.3%)	-13.0% (5.2%)	14.6%	13.9%
HR Solutions	Revenue	55.1	48.5	52.1	58.2	214.0	56.5	57.5	62.8	72.4	249.3	72.6	70.2
	YoY %	-32.1%	-38.7%	-30.1%	-26.5%	-31.9%	2.7%	18.4%	20.5%	24.4%	16.5%	28.3%	22.2%
Total	Revenue	132.9	172.8	186.8	179.3	672.0	151.8	157.8	168.5	180.3	658.6	180.4	185.2
	YoY %	-29.1%	-9.3% (-24.8%)	1.1% (-15.5%)	-7.0% (-16.8%)	-11.1% (-21.6%)	14.2%	-8.7% (10.1%)	-9.8% (7.9%)	0.6% (12.4%)	-2.0% (11.1%)	18.8%	17.3%
	Adj. EBITDA	27.4	34.3	37.9	7.3	107.1	31.5	32.4	36.4	2.3	102.8	31.3	27.9
	Adj. EBITDA margin	20.7%	19.9%	20.3%	4.1%	15.9%	20.8%	20.5%	21.6%	1.3%	15.6%	17.4%	15.1%
<b>Staffing</b>													
Japan	Revenue	145.8	138.8	142.7	142.5	569.9	146.9	145.7	155.7	156.5	604.9	165.1	166.0
	YoY %	5.9%	-0.7%	-2.6%	-0.8%	0.4%	0.8%	4.9%	9.1%	9.8%	6.1%	12.4%	14.0%
	Adj. EBITDA	17.0	13.8	14.1	3.7	48.7	16.1	12.6	14.8	8.6	52.3	16.7	14.9
	Adj. EBITDA margin	11.7%	9.9%	9.9%	2.7%	8.6%	11.0%	8.7%	9.5%	5.5%	8.7%	10.1%	9.0%
Europe, US, and Australia	Revenue	128.4	159.6	173.9	166.8	628.8	188.2	189.8	202.0	193.4	773.5	220.5	234.2
	YoY %	-26.6%	-10.2%	0.1%	8.3%	-7.6%	46.5%	18.9%	16.2%	15.9%	23.0%	17.2%	23.3%
	Adj. EBITDA	2.9	8.6	10.6	5.2	27.5	10.1	11.3	13.7	5.7	40.9	10.5	12.9
	Adj. EBITDA margin	2.3%	5.4%	6.1%	3.2%	4.4%	5.4%	6.0%	6.8%	2.9%	5.3%	4.8%	5.5%
Total	Revenue	274.2	298.5	316.6	309.3	1,198.8	335.1	335.5	357.7	349.9	1,378.4	385.7	400.2
	YoY %	-12.3%	-6.0%	-1.2%	3.9%	-4.0%	22.2%	12.4%	13.0%	13.1%	15.0%	15.1%	19.3%
	Adj. EBITDA	19.9	22.4	24.8	9.0	76.3	26.2	24.0	28.6	14.3	93.2	27.2	27.9
	Adj. EBITDA margin	7.3%	7.5%	7.8%	2.9%	6.4%	7.8%	7.2%	8.0%	4.1%	6.8%	7.1%	7.0%

- \* Figures in parentheses represent YoY % in revenue excluding Rent Assistance Program by The Small and Medium Enterprise Agency of the Ministry of Economy in Japan from Q2 FY2020 to Q4 FY2020.
- \* Beginning in Q1 FY2022, we changed the adjustment items for adjusted EBITDA and adjusted EPS. All the figures in the table above are based on the new definition.

### **Methodology for measuring Unique Visitors of Indeed**

Indeed's user count is measured by Unique Visitors. Unique Visitors is defined as the number of unduplicated (counted only once) visits to an Indeed website on a device over the course of a specified time period, and as further defined below:

When a Unique Visitor visits the Indeed site, a first-party internal (IQL) cookie with a random string of numbers and letters is placed in the relevant browser and tracks the Unique Visitor's activity on Indeed's site until that browser history is cleared or 5 years has passed. Indeed then logs visit activity associated with that cookie internally for site performance monitoring and optimization.

The Unique Visitor counts referenced in this claim are an average of each month's total of distinct cookie IDs visiting Indeed's site between April – September 2022.

Unique Visitors as measured based on the methodology indicated above may not be an accurate representation of actual users of Indeed. Indeed measures unique visitors based on its own internal methodology, which may not be comparable with similarly reported metrics by other companies or third-parties.

### ***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.

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