

May 15, 2023

**Recruit Holdings Co., Ltd. (TSE 6098)**  
**Consolidated Financial Results for the Year Ended March 31, 2023 (IFRS, Unaudited)**

Tokyo, May 15, 2023 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the year ended March 31, 2023 (April 1, 2022 to March 31, 2023).

**Consolidated Operating Results**

(Amounts are rounded down to the nearest million yen)

(In millions of yen, unless otherwise stated)	FY2021	FY2022	%change
Revenue	2,871,705	3,429,519	19.4%
Adjusted EBITDA	511,816	545,043	6.5%
Operating income	378,929	344,303	-9.1%
% of revenue	13.2%	10.0%	-
Profit before tax	382,749	367,767	-3.9%
Return on assets (%)	16.6%	14.1%	-
Profit attributable to owners of the parent	296,833	269,799	-9.1%
% of total equity attributable to owners of the parent	24.2%	18.0%	-
Total comprehensive income	397,243	380,626	-4.2%
Basic EPS (yen)	181.68	168.59	-
Diluted EPS (yen)	180.83	167.44	-
Adjusted EPS (yen)	188.94	199.35	5.5%

Reference: Share of profit of associates and joint ventures was 5,349 million yen in FY2021 and 3,013 million yen in FY2022.

**Consolidated Financial Position**

(In millions of yen, unless otherwise stated)	As of March 31, 2022	As of March 31, 2023
Total assets	2,423,542	2,793,281
Total equity	1,376,294	1,640,949
Equity attributable to owners of the parent	1,363,776	1,627,010
Ratio of equity attributable to owners of the parent (%)	56.3%	58.2%
Equity attributable to owners of the parent per share (yen)	847.45	1,030.33

**Consolidated Cash Flows**

(In millions of yen, unless otherwise stated)	FY2021	FY2022
Net cash flows from operating activities	439,610	438,193
Net cash flows from investing activities	(70,738)	(32,676)
Net cash flows from financing activities	(254,371)	(252,060)
Cash and cash equivalents at the end of the year	669,551	877,370

**Dividends**

(In yen, unless otherwise stated)	FY2021	FY2022	FY2023 (Forecast)
At the end of Q1	-	-	-
At the end of Q2	10.50	11.00	11.50
At the end of Q3	-	-	-
At the end of Q4	10.50	11.00	11.50
<b>Total</b>	<b>21.00</b>	<b>22.00</b>	<b>23.00</b>
Total amount of dividend payment (in millions of yen)	34,341	36,259	-
Payout ratio-consolidated (%)	11.6	13.0	-
Ratio of dividends to total equity attributable to owners of the parent (%)	2.8	2.3	-

**Consolidated Financial Guidance for FY2023**

(In billions of yen, unless otherwise stated)	FY2023 Q1 (Outlook)	Year over year % change	FY2023 Full-year (Guidance)	Year over year % change
Revenue	800.0 - 830.0	-5.1% - -1.6%	-	-
Adjusted EBITDA	140.0 - 160.0	-8.1% - +5.0%	-	-

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, 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 Q1 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 12 for further details regarding the business environment assumptions for each segment.

**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 March 31, 2023
Number of issued shares including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	86,686,390	116,844,804

	FY2021	FY2022
Average number of shares during the period	1,633,830,987	1,600,299,487

**Definition of the Abbreviation**

Abbreviation	Definition
Recruit Holdings, the Holding Company, Recruit Group, We, Our	Recruit Holdings Co., Ltd. on a standalone basis
SBU	Recruit Holdings Co., Ltd. and its consolidated subsidiaries
Q1	Strategic Business Unit
Q2	Three-month period from April 1 to June 30
Q3	Three-month period from July 1 to September 30
Q4	Three-month period from October 1 to December 31
FY2021	Three-month period from January 1 to March 31
FY2022	Fiscal year from April 1, 2021 to March 31, 2022
FY2023	Fiscal year from April 1, 2022 to March 31, 2023
	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.

**Average exchange rate during the period**

The presentation of exchange rates has been changed to the three-month average rate in order to provide information in line with market conditions. There is no change in the method of foreign currency translation in the consolidated financial statements.

(Current)

(In yen)	FY2021				FY2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
US dollar	109.52	110.11	113.71	116.34	129.73	138.27	141.38	132.42
Euro	131.94	129.83	130.04	130.40	138.26	139.26	144.26	142.16
Australian dollar	84.30	80.93	82.82	84.22	92.69	94.49	92.82	90.58

(Previous)

(In yen)	FY2021				FY2022			
	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative
US dollar	109.52	109.81	111.14	112.39	129.73	134.03	136.49	135.50
Euro	131.94	130.88	130.60	130.55	138.26	138.76	140.60	140.99
Australian dollar	84.30	82.61	82.68	83.06	92.69	93.59	93.34	92.66

**Reference: Outline of Non-consolidated Financial Results**
**Non-consolidated Operating Results**

(In millions of yen, unless otherwise stated)	FY2021	FY2022	% change
Revenue	42,029	417,404	893.1%
Operating profit	32,962	406,784	-
Recurring profit	33,978	406,315	-
Net income	23,996	410,423	-
Earnings per share – Basic (yen)	14.69	256.47	-
Earnings per share – Diluted (yen)	14.62	254.72	-

**Non-consolidated Financial Position**

(In millions of yen, unless otherwise stated)	As of March 31, 2022	As of March 31, 2023
Total assets	1,423,107	1,666,307
Net asset	672,979	926,772
Equity ratio (%)	47.2%	55.5%
Net asset per share	417.09	585.40

Reference: Equity was 671,210 million yen as of March 31, 2022 and 924,412 million yen as of March 31, 2023.

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, 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 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 fiscal year ended March 31, 2022 and 2023.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2022	2023		2022	2023	
<b>Consolidated operating results</b>						
Revenue	759.7	827.7	9.0%	2,871.7	3,429.5	19.4%
Operating income	45.3	19.4	-57.1%	378.9	344.3	-9.1%
Profit before tax	46.2	31.6	-31.5%	382.7	367.7	-3.9%
Profit for the period	48.7	22.3	-54.2%	297.7	271.6	-8.8%
Profit attributable to owners of the parent	48.4	22.1	-54.2%	296.8	269.7	-9.1%
<b>Management Key Performance Indicators</b>						
Adjusted EBITDA	91.2	109.1	19.5%	511.8	545.0	6.5%
Adjusted EBITDA margin	12.0%	13.2%	-	17.8%	15.9%	-
Adjusted EPS (yen)	30.02	39.54	31.7%	188.94	199.35	5.5%

Consolidated revenue for Q4 FY2022 increased 9.0% year over year as revenue in HR Technology, Matching & Solutions and Staffing increased year over year. Excluding the positive impact of exchange rate fluctuations of 47.1 billion yen, revenue for Q4 FY2022 increased 2.7%.

Consolidated operating income for Q4 FY2022 decreased 57.1% year over year mainly due to restructuring charges of 17.6 billion yen related to a workforce reduction and a one time charge of 13.9 billion yen for impairment losses on right-of-use assets related to leased office space in HR Technology, an impairment loss mainly related to software of 8.6 billion yen in Matching & Solutions, and an impairment loss mainly related to software of 3.3 billion yen and an impairment loss on goodwill of 4.4 billion yen in Staffing.

Consolidated adjusted EBITDA margin for Q4 FY2022 increased year over year to 13.2%, consolidated adjusted EBITDA increased 19.5% year over year, and adjusted EPS was 39.54 yen, an increase of 31.7% year over year.

For FY2022, revenue increased 19.4% year over year and operating income decreased 9.1%, adjusted EBITDA margin was 15.9%, adjusted EBITDA increased 6.5% and adjusted EPS was 199.35 yen, an increase of 5.5%. Excluding the positive impact of exchange rate fluctuations of 286.7 billion yen, revenue in FY2022 increased 9.4%.

The following table presents the selling, general and administrative expenses for the three months and fiscal year ended March 31, 2022 and 2023.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2022	2023		2022	2023	
Sales commission	8.9	9.3	4.9%	31.3	35.6	13.8%
Promotion expenses	24.4	22.3	-8.4%	58.0	78.8	35.8%
Advertising expenses	81.0	64.1	-20.9%	231.2	264.9	14.6%
Employee benefit expenses	162.3	194.0	19.5%	555.9	750.7	35.0%
Service outsourcing expenses	47.2	60.8	28.9%	154.4	222.6	44.1%
Rent expenses	4.7	8.4	78.0%	20.5	29.9	45.6%
Depreciation and amortization	29.8	28.8	-3.4%	118.5	117.3	-1.1%
Other	23.9	26.7	11.8%	80.0	103.1	28.9%
<b>Total</b>	<b>382.5</b>	<b>414.9</b>	<b>8.4%</b>	<b>1,250.3</b>	<b>1,603.2</b>	<b>28.2%</b>

The following table presents the share-based payment expenses and research and development expenses for the three months and fiscal year ended March 31, 2022 and 2023.

(In billions of yen)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2022	2023		2022	2023	
Share-based payment expenses <sup>1</sup>	13.0	21.6	65.1%	32.4	72.7	124.1%
Research and development expenses <sup>2</sup>	22.0	60.2	173.4%	85.0	168.9	98.8%

<sup>1</sup> Included in employee benefit expenses.

<sup>2</sup> 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 is accounted for as employee benefit expenses.

## Results of Operations by Segment

### HR Technology

The following table presents the financial results for the three months and fiscal year ended March 31, 2022 and 2023 for the HR Technology segment.

(In billions of yen, unless otherwise stated)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2022	2023		2022	2023	
Revenue	236.6	251.3	6.2%	861.4	1,116.1	29.6%
Adjusted EBITDA	77.5	76.7	-1.1%	323.3	342.3	5.9%
Adjusted EBITDA margin	32.8%	30.5%	-	37.5%	30.7%	-
Revenue in million US dollars (\$)						
US	1,487	1,337	-10.1%	5,722	6,002	4.9%
Non-US	547	560	2.4%	1,930	2,241	16.1%
Total	2,034	1,897	-6.7%	7,653	8,243	7.7%

Revenue for Q4 FY2022 increased 6.2%. On a US dollar basis, revenue decreased 6.7%. 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 10.1% driven by a decrease in demand for sponsored jobs year over year. Revenue outside of the US increased 2.4%.

Adjusted EBITDA margin for Q4 FY2022 decreased 2.3 percentage points to 30.5%, as personnel costs grew at a higher rate than revenue primarily due to hiring in the first half of this fiscal year, and despite implementing multiple cost control measures and savings initiatives, including reductions in global advertising expenses.

For FY2022, revenue increased 29.6% or 7.7% on a US dollar basis, adjusted EBITDA margin was 30.7%, and adjusted EBITDA increased 5.9% year over year.

### Matching & Solutions

The following table presents the financial results for the three months and fiscal year ended March 31, 2022 and 2023 for the Matching & Solutions segment.

(In billions of yen)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2022	2023		2022	2023	
Revenue						
Marketing Solutions	104.5	119.2	14.1%	396.5	451.5	13.9%
HR Solutions	72.4	80.8	11.6%	249.3	297.4	19.3%
Other and Elimination	3.4	2.9	-13.8%	12.7	11.5	-8.8%
Total	80.3	203.0	12.6%	658.6	760.6	15.5%
Adjusted EBITDA	2.3	18.9	702.2%	102.8	109.8	6.8%
Adjusted EBITDA margin	1.3%	9.3%	-	15.6%	14.4%	-

Revenue in Matching & Solutions for Q4 FY2022 increased 12.6%.

Revenue in Marketing Solutions increased 14.1% 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 11.6% as revenue in the job advertising service and the placement service both increased. Hiring demand recovered year over year in the part-time job advertising service, particularly in the retail and dining industries. Hiring demand for the placement service continued across many of the industries served, while some business clients began to act cautiously on hiring.

Adjusted EBITDA margin in Matching & Solutions for Q4 FY2022 increased 8.0 percentage points to 9.3% mainly due to a decrease in advertising expenses compared to Q4 FY2021, although strategic marketing activities for future growth continued.

For FY2022, revenue increased 15.5%, recovering to the pre COVID-19 level in FY2019, adjusted EBITDA margin was 14.4%, and adjusted

EBITDA increased 6.8% year over year.

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 accounts. As of March 31, 2023, the number of SaaS registered accounts<sup>1</sup>, the number of AirPAY registered accounts and the number of accounts using both AirPAY and another Air BusinessTools solution (cross-use) increased year over year. Revenue from Air BusinessTools is included in Marketing Solutions, the details of which are presented in the following table.

(In thousand of accounts) As of	FY2021				FY2022			
	June 30	September 30	December 31	March 31	June 30	September 30	December 31	March 31
Registered accounts <sup>1</sup>	1,960	2,090	2,260	2,450	2,640	2,830	3,000	3,180
YoY % Change	33.7%	34.4%	34.2%	33.9%	34.4%	35.4%	32.7%	30.0%
AirPAY	228	241	260	281	304	329	359	394
YoY % Change	41.6%	40.3%	39.1%	33.6%	32.8%	36.4%	37.8%	40.2%
Cross-use of AirPAY and other Air BusinessTools <sup>2</sup>	146	154	165	176	188	199	212	226
YoY % Change	34.6%	34.1%	33.6%	30.8%	29.0%	28.7%	28.1%	28.2%
AirWORK ATS	222	265	313	380	449	524	594	639
YoY % Change	-	-	-	-	101.9%	97.5%	89.5%	68.3%

<sup>1</sup> Cumulative number of registered accounts of paid and unpaid SaaS solutions provided by Matching & Solutions SBU in Japan as of March 31, 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.

<sup>2</sup> 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 fiscal year ended March 31, 2022 and 2023 for the Staffing segment.

(In billions of yen)	Three Months Ended March 31,		% change	Fiscal Year Ended March 31,		% change
	2022	2023		2022	2023	
Revenue						
Japan	156.5	178.4	14.0%	604.9	684.1	13.1%
Europe, US, and Australia <sup>1</sup>	193.4	205.1	6.1%	773.5	901.1	16.5%
Total <sup>2</sup>	349.9	383.6	9.6%	1,378.4	1,585.2	15.0%
Adjusted EBITDA						
Japan	8.6	8.2	-3.9%	52.3	55.7	6.5%
Europe, US, and Australia	5.7	8.9	56.3%	40.9	46.4	13.5%
Total	14.3	17.2	20.0%	93.2	102.2	9.6%
Adjusted EBITDA margin						
Japan	5.5%	4.6%	-	8.7%	8.2%	-
Europe, US, and Australia	2.9%	4.3%	-	5.3%	5.2%	-
Staffing	4.1%	4.5%	-	6.8%	6.5%	-

Revenue for Q4 FY2022 increased 9.6% with an increase in revenue for both *Japan* and *Europe, US, and Australia*. Excluding the positive impact of exchange rate fluctuations of 18.0 billion yen, total revenue increased 4.5% as increased revenue in *Japan* was partially offset by decreased revenue in *Europe, US, and Australia*. Adjusted EBITDA margin was 4.5% and adjusted EBITDA increased 20.0%.



Revenue in *Japan* increased 14.0% due to an increase in the number of temporary staff on assignment as demand for staffing services continued to grow year over year. Adjusted EBITDA margin for Q4 FY2022 decreased 0.9 percentage points to 4.6% and adjusted EBITDA decreased 3.9%.

Revenue in *Europe, US, and Australia* increased 6.1%, but after excluding the positive impact of exchange rate fluctuations of 18.0 billion yen, revenue decreased by 3.3%. This was mainly due to lower demand related to supporting COVID-19 mitigation efforts, while the uncertain economic outlook also led to slower growth in overall staffing demand. Adjusted EBITDA margin was 4.3% and adjusted EBITDA increased 56.3%.

For FY2022, revenue increased 15.0%, adjusted EBITDA margin was 6.5%, and adjusted EBITDA increased 9.6% year over year. Excluding the positive impact of exchange rate fluctuations of 98.6 billion yen in FY2022, revenue in *Europe, US, and Australia* increased 3.7% and total Staffing revenue increased 7.8%.

Staffing Revenue by Region for FY2022<sup>1</sup> is as follows.

	Japan	Europe	US	Australia
Revenue	684.1	430.8	273.0	197.1

<sup>1</sup> Sum of revenue from individual companies after consolidation adjustments for *Europe, US, and Australia*.

### The Outstanding Amount of Goodwill for each SBU as of March 31, 2023

The following table presents the outstanding amount of goodwill for each SBU as of March 31, 2023. Staffing recorded 4.4 billion yen of impairment loss of goodwill in Australia.

Outstanding Goodwill	
HR Technology	246.9
Matching & Solutions	-
Japan	-
Overseas	-
Staffing	216.0
Japan	27.7
US	17.0
Europe	168.1
Australia	3.0
Total	462.9

### Capital Resources and Liquidity

#### Basic Policy

The Company's basic policy is to obtain funds from global financial markets through debt as necessary, while maintaining appropriate credit ratings and strong consolidated financial position, in order to secure liquidity required for smooth operations and to invest flexibly for its long-term business strategy that will lead to increasing its enterprise value.

The Company aims to maintain a sufficient level of shareholders' equity while achieving appropriate capital efficiency, in order to respond flexibly to investment opportunities for future growth while at the same time enhancing its ability to address possible risks relating to its business operations and assets.

#### Use of Capital

The Company allocates its capital mainly to working capital, corporate taxes, mergers and acquisitions, asset acquisitions and capital expenditures by its SBUs as well as repayments of borrowings, payment of interest, payment of dividends, and share repurchases.

### Fundraising

The Company's primary source of liquidity for working capital and investments are cash flows from operating activities. However, the Company may consider and execute external financing when various conditions are deemed favorable, such as demand for funds, interest rate trends, repayment amount, redemption period of existing interest-bearing debt, amount to be raised, and financing structure.

For short-term working capital, the Company primarily utilizes borrowings from financial institutions and/or commercial paper. For mid- to long-term needs, the Company will raise funds mainly through borrowings from financial institutions and/or the corporate bond market. To maintain flexible financing capabilities, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which is unused as of March 31, 2023.

Additionally, the Company has entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital funds efficiently. The maximum amount of borrowings under these overdraft agreements is 113.0 billion yen as of March 31, 2023, and the entire amount remains unused. In addition, the Company entered into a committed credit facility agreement providing for a total commitment amount of 200.0 billion yen. The entire amount available under these credit facilities remains unused as of March 31, 2023. The Company maintains these overdraft agreements and credit facilities to ensure sufficient liquidity in the event of significant changes in the business environment.

The table below sets forth a breakdown of the book value of interest-bearing debt by payment due period as of March 31, 2023. Each amount shown is the required cash outflow by payment due period excluding discounts and including interest payments.

(In billions of yen)	Book value	Payment due period		
		1 year or less	Over 1 year through 5 years	Over 5 years
Bonds	19.9	20.0	-	-
Borrowings	15.2	14.3	0.0	1.5
Total	35.2	34.4	0.0	1.5

### Credit Ratings

The Company has long-term credit ratings of A from S&P Global Rating Japan, A3 from Moody's Japan, AA from Rating and Investment Information, Inc. (R&I), and AA+ from Japan Credit Rating Agency, Ltd. (JCR) as of March 31, 2022. The Company has short-term credit ratings of a-1+ from R&I.

### Cash Management

In order to maximize overall capital efficiency, the Company prioritizes internal lending and borrowing within the Company over external financing, mainly through a cash management system, when it is legally permissible and economically reasonable to do so.

The Company maintains internal liquidity of cash and cash equivalents by consolidating the cash management operations of all currencies to the Holding Company and its subsidiaries, which provide internal treasury management services.

### Fund Management

The Company invests only in principal-guaranteed financial instruments that are deemed safe and efficient, and does not engage in such investments for speculative purposes.

### Policy of Strategic Shareholdings

In principle, the Company's policy is to reduce strategic shareholdings. The decision on whether or not to hold each company's stock is made based on a comprehensive assessment of the economic value of its stock, cost of capital, strategic importance, environment, social and governance (ESG) aspects, and other factors. The Board of Directors scrutinizes these shareholdings once a year and deliberates the reduction of these holdings if they do not meet the above criteria.

As of March 31, 2023, the total amount of strategic shareholdings held by the Holding Company and Recruit Co., Ltd. was 86.4 billion yen, which is 5.3% of the consolidated total equity.

(in millions of yen)

	The Holding Company		Recruit Co., Ltd.	
	Unlisted	Listed	Unlisted	Listed
Number of issuers	3	12	4	4
Amount on the balance sheet	1,800	65,790	1,528	17,350

**Analysis of Consolidated Financial Position**

(In billions of yen)	As of March 31, 2022	As of March 31, 2023	Variance	% Change
<b>Assets</b>				
Total current assets	1,182.0	1,465.3	283.2	24.0%
Total non-current assets	1,241.4	1,327.9	86.4	7.0%
<b>Total assets</b>	<b>2,423.5</b>	<b>2,793.2</b>	<b>369.7</b>	<b>15.3%</b>
<b>Liabilities</b>				
Total current liabilities	695.5	782.7	87.1	12.5%
Total non-current liabilities	351.6	369.5	17.8	5.1%
<b>Total liabilities</b>	<b>1,047.2</b>	<b>1,152.3</b>	<b>105.0</b>	<b>10.0%</b>
<b>Equity</b>				
Total equity attributable to owners of the parent	1,363.7	1,627.0	263.2	19.3%
Non-controlling interests	12.5	13.9	1.4	11.3%
<b>Total equity</b>	<b>1,376.2</b>	<b>1,640.9</b>	<b>264.6</b>	<b>19.2%</b>

Total current assets as of March 31, 2023 increased by 283.2 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, despite the cash outflows for the Share Repurchases by resolution of the Board Directors on October 17, 2022

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of March 31, 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 March 31, 2023.

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 March 31, 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.

	FY2021	FY2022	Variance	% Change
Cash and cash equivalents	669.5	877.3	207.8	31.0%
Interest-bearing debt	60.6	35.2	(25.3)	-41.8%
<b>Net cash</b>	<b>608.9</b>	<b>842.0</b>	<b>233.1</b>	<b>38.3%</b>

As of March 31, 2022, cash and cash equivalents and interest-bearing debt which includes bonds and borrowings, excluding lease liabilities, on a consolidated basis was 877.3 billion yen and 35.2 billion yen, respectively. Net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents, was 842.0 billion yen, an increase of 233.1 billion yen compared to the end of FY2021.

**Analysis of Consolidated Cash Flows**

(In billions of yen)	FY2021	FY2022	Variance
Net cash flows from operating activities	439.6	438.1	(1.4)
Net cash flows from investing activities	(70.7)	(32.6)	38.0
Net cash flows from financing activities	(254.3)	(252.0)	2.3
Effect of exchange rate changes on cash and cash equivalents	54.0	54.3	0.3
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>168.5</b>	<b>207.8</b>	<b>39.3</b>
Cash and cash equivalents at the beginning of the period	501.0	669.5	168.5
<b>Cash and cash equivalents at the end of the period</b>	<b>669.5</b>	<b>877.3</b>	<b>207.8</b>

Cash and cash equivalents as of March 31, 2023 were 877.3 billion yen, an increase of 207.8 billion yen from the end of FY2021.

## 2. Consolidated Financial Guidance for FY2023

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 only the outlook for Q1 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 forecasts consolidated revenue in Q1 will be 800 to 830 billion yen, adjusted EBITDA will be 140 to 160 billion yen and adjusted EBITDA margin will be approximately 17 to 19 percent. The foreign exchange rate assumptions for Q1 FY2023 are 130 yen per US dollar, 141 yen per Euro and 88 yen per Australian dollar. The Company expects to disclose consolidated guidance for FY2023 when it becomes reasonably feasible to do so.

For FY2023, the following are the current assumptions regarding the business environment for each segment as of May 15, 2023.

### HR Technology

Revenue on a US dollar basis in April decreased 12% year over year. In Q1 of FY2023, assuming no sharp deterioration in the economic environment, revenue on a US dollar basis is expected to decline approximately 13.5% to 17.5% compared to Q1 of FY2022 when the market had been expanding, or flat to down approximately 5% quarter over quarter. Adjusted EBITDA margin is expected to be approximately 33% to 36% due to the implementation of cost reduction measures. However, the Company does not expect to maintain this level of Adjusted EBITDA margin throughout the year.

While revenue and adjusted EBITDA in HR Technology is expected to decrease in FY2023, the Company is currently not providing a full year revenue outlook for FY2023 due to the high degree of uncertainty regarding the macroeconomic environment and the speed of the potential contraction of the HR matching market, particularly after this upcoming summer. HR Technology has implemented cost reduction measures since the second half of FY2022, including the previously announced workforce reduction, which is expected to reduce employee benefit expenses by approximately 500 million dollars on an annualized basis. We will continue to control costs flexibly by monitoring the business environment while balancing with investments in our long-term strategy. However, we don't expect to maintain the level of forecasted Adjusted EBITDA margin in Q1 throughout the fiscal year. The total amount of share-based payment expense in FY2023 is expected to be slightly above 700 million US dollars.

### Matching & Solutions

For the FY2023 outlook for Matching & Solutions, the Company estimates an increase in revenue and adjusted EBITDA, based on the assumption that the current business environment in Japan will continue and will not experience a sudden slowdown. While the Company continues to invest for future growth, it will be prepared to respond quickly to the potential impact on the Japanese economy that may arise from the aftermath of a potential economic recession in the US and in countries around the world.

Based on this assumption, revenue for Q1 of FY2023 in Marketing Solutions is expected to increase approximately 8% and to increase approximately 10% in HR Solutions, and adjusted EBITDA margin to be approximately 23%.

For FY2023, 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%. The Company will prioritize investments and scrutinize costs, while being prepared to act flexibly in an uncertain business environment. Also, the Company will continue to invest in technology infrastructure and core systems in FY2023.

### Staffing

In Q1 of FY2023, revenue in *Japan* is expected to increase approximately 12%, based on the assumption that a rapid change in the business environment will not occur. For *Europe, US and Australia*, the Company expects revenue to decrease by approximately 8% as the downward trend in revenue since the second half of FY2022 continues. Adjusted EBITDA margin is expected to be approximately 6%.

For FY2023, revenue in *Japan* is expected to increase approximately 9% year over year, based on the assumption that the business environment in Japan will continue and will not experience a sudden slowdown. For *Europe, US and Australia*, although the Company expects revenue will decrease in FY2023, but because of the uncertainty in the labor market environment and its impact to our business in Europe and the US, the Company has determined that it will not provide a full-year revenue outlook at this time. The Company will continue to promote operational efficiency and expects adjusted EBITDA margin to be approximately 6%.

### 3. Basic Policy on Profit Distribution and Dividends

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders in the form of dividends to be an important part of its capital allocation strategy. The Company strives to continuously pay stable per-share dividends considering its long-term cash needs and financial position.

The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

Total annual dividend for FY2022 is 22.0 yen per share, which consists of an interim dividend of 11.0 yen per share and a year-end dividend of 11.0 yen per share.

The Company basically declares dividends twice a year. Matters stipulated in Article 459, Paragraph 1 of the Companies Act of Japan, including cash dividends, are not resolved at the Annual Meeting of Shareholders, but at Board of Directors meetings, unless otherwise provided by laws and regulations.

Total annual dividend forecast for FY2023 is 23.0 yen per share, which consists of an interim dividend of 11.5 yen per share and a year-end dividend of 11.5 yen per share.

Resolution date at the Board of Directors meetings	Total dividend (In millions of yen)	Dividend per share (In yen)
November 14, 2022	18,143	11.0
May 15, 2023	18,116	11.0

### 4. Overview of the Company

The Company started in 1960 as a business providing job information to students by placing job advertisements for its clients in university newspapers in Japan. Since then, the Company has consistently created and operated matching platform businesses connecting individual users and business clients.

Currently, the Company provides individual users around the world the best possible choices and supports business clients in improving their operational efficiency by utilizing technology and data, all enabling simpler and faster matching.

In the course of connecting individual users and business clients, the Company positions data security and privacy, including the protection of individual users' privacy, as a material foundation for its corporate activities, and has established appropriate structures and measures to support that position.

The Company operates its businesses through each of its three Strategic Business Units ("SBU"s): HR Technology, Matching & Solutions and Staffing and has established respective SBU Headquarters in order to further reinforce global, swift decision making. This organizational structure enhances the management capabilities of each SBU Headquarters and enables each SBU Headquarters to execute its own strategy. At the same time, each SBU collaborates closely to achieve the Company's three strategic pillars: Simplify Hiring, Help Businesses Work Smarter, and Prosper Together. The SBU structure also enables the Holding Company to focus on and strengthen its holding company functions, including strategic planning and execution as well as group governance and monitoring. Through these positive aspects of the SBU structure, the Company aims to increase its enterprise value.

As of March 31, 2023, the Company had 257 subsidiaries and 10 associates.

#### Business Overview by Segment

##### HR Technology

HR Technology consists of Indeed, Glassdoor, and other related businesses.

Indeed and Glassdoor are online matching and hiring platforms where people can find jobs and learn about companies. Both Indeed and Glassdoor have missions that are aligned towards achieving success for job seekers - Indeed's mission is to help people get jobs and Glassdoor's mission is to help people everywhere find a job and company they love.

Indeed created the job aggregation and search model that transformed the job search process for job seekers, and in doing so has become the leading job site in the world<sup>1</sup>, attracting 330 million unique visitors per month<sup>2</sup> and 3 million employers that come to Indeed to hire each year<sup>3</sup>. Glassdoor has reshaped the way people search for and evaluate jobs and companies, by increasing workplace transparency for job seekers by bringing together jobs with user-generated employer reviews, salaries and insights. As a result, Glassdoor has become the recognized leader in company reviews and insights attracting 55 million unique visitors per month<sup>4</sup>.

Indeed and Glassdoor offer a suite of tools to help job seekers find available job opportunities, post resumes and create profiles, research company information and reviews, and schedule and conduct video and phone interviews. For employers, Indeed and Glassdoor offer solutions to recruit and hire qualified talent in an easier and more efficient way. Employers can post and advertise jobs and build their company's employment brand across both platforms, reaching a broad and diverse job seeker audience. Together, they provide an efficient source of candidates through a pay-for-performance job advertising pricing model and provide a range of products for employers to source, screen, interact with, and interview candidates. As a result, Indeed and Glassdoor partner to create a global talent marketplace where job seekers find jobs and employers find great talent.

<sup>1</sup> Source: comScore, Total Visits, March 2023

<sup>2</sup> Internal data, an average of each month's total of distinct cookie IDs visiting Indeed's site between October 2022 - March 2023

<sup>3</sup> Internal data based on the last 12 months of activity as of March 2023

<sup>4</sup> Internal data based on Google Analytics, an average of each month's total of distinct cookie IDs visiting Glassdoor's site between October 2022 - March 2023

## Matching & Solutions

Matching & Solutions consists of two businesses mainly in Japan, Marketing Solutions and HR Solutions. Marketing Solutions provides solutions which support business clients' operations such as customer acquisition, customer relationship management, and payments in a variety of industries, such as Housing & Real Estate, Beauty, Travel, Bridal, Dining, and others. HR Solutions helps individual users find jobs and helps business clients' hiring activities across a variety of industries.

Both Marketing Solutions and HR Solutions offer matching platforms which connect individual users and business clients, and cloud-based Software as a Service ("SaaS") solutions that utilize technology and data to improve the efficiency of the day-to-day management and operations of clients' businesses. Through these matching platforms and SaaS solutions, Matching & Solutions aims to create an "ecosystem" of solutions that support the operations of businesses in Japan to help improve their productivity and profitability.

Matching & Solutions respects the privacy of individual users and complies with data utilization in accordance with the "Personal Data Policy," while providing optimal choices through online platforms and print media that individual users can trust and use with peace of mind.

### Marketing Solutions

The matching platforms for each industry include: SUUMO for Housing & Real Estate, Hot Pepper Beauty for Beauty, Jalan for Travel, Zexy for Bridal, Hot Pepper Gourmet for Dining, and others. The matching platforms generate revenue primarily from advertising while Travel and other services generate revenue from transactions.

### HR Solutions

HR Solutions supports business clients' recruiting and hiring activities and individual users' job search activities through its job advertising services and placement services. The services include online matching platforms (Rikunabi for new graduates, Rikunabi NEXT, and TOWNWORK for part-time job seekers) and the placement service, Recruit Agent and RECRUIT DIRECT SCOUT.

### SaaS Solutions

Matching & Solutions provides more than 15 Air BusinessTools, such as AirPAY, a cloud-based payment service, AirREGI, a point of sale (POS) system, and AirWORK ATS, a centralized application management service as well as other SaaS solutions specialized for industries where Matching & Solutions operates online matching platforms. The current priority is to increase the number of SaaS accounts.

## Staffing

Staffing consists of two major operations: *Japan and Europe, US, and Australia*. Staffing offers temporary staffing and other related services primarily for clerical, manufacturing, light industry and various professional positions across a multitude of industries. The Company selects appropriate temporary staff, based on the skills needed by clients, from a large pool of workers registered with the Company, and then provides those temporary staff to business clients.

Both *Japan and Europe, US, and Australia* operations implement the Unit Management System, which divides an organization into smaller units based on differences in the markets they serve. Each unit is regarded as a distinct company, and the Unit Manager is given authority to make decisions to maximize each unit's profitability.

In *Japan*, the Company has been licensed by the Minister of Health, Labour and Welfare in accordance with the provisions of the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers, and operates temporary staffing services primarily through Recruit Staffing Co., Ltd. and STAFF SERVICE HOLDINGS CO., LTD.

In *Europe, US, and Australia*, the Company offers services through RGF Staffing France SAS, RGF Staffing Germany GmbH, RGF Staffing the Netherlands B.V., RGF Staffing UK Limited, Unique NV as well as other companies in Europe, Staffmark Group, LLC and The CSI Companies, Inc. in the US, Chandler Macleod Group Limited mainly in Australia.

**Main Companies, Brands and Services for Each Reportable Segment**

(As of March 31, 2023)

SEGMENT / SBU HEADQUARTERS	BUSINESS DESCRIPTION	
<b>HR Technology /</b> RGF OHR USA, INC.	Global matching and hiring platform that offers advertising and other human resources matching solutions	
	SUBSIDIARIES	BRANDS AND SERVICES
	Indeed, Inc. Glassdoor, Inc.	<b>Indeed</b> Online matching and hiring platform  <b>Glassdoor</b> Online matching and hiring platform

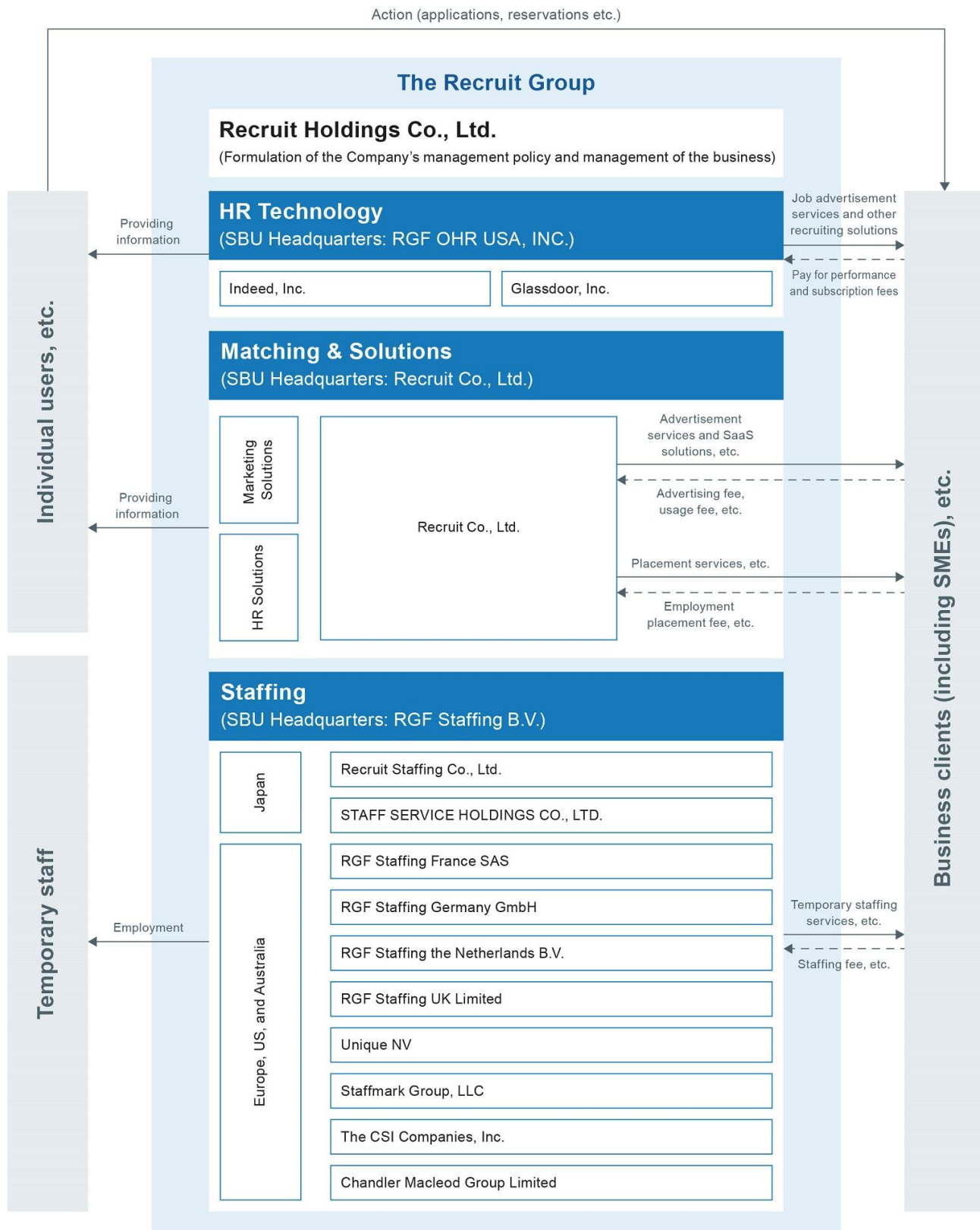
SEGMENT / SBU HEADQUARTERS	OPERATION	
<b>Matching &amp; Solutions /</b> Recruit Co., Ltd.	<b>Marketing Solutions</b>	
	BUSINESS DESCRIPTION	BRANDS AND SERVICES
	Provides matching platforms in a variety of industries, such as Housing & Real Estate, Beauty, Travel, Bridal, Dining and others, to connect individual users and business clients. Offers cloud-based SaaS solutions to improve business clients' efficiency of operations.	<b>SUUMO</b> Online platform, print media, and in-person consultation service for housing and real estate  <b>Hot Pepper Beauty</b> Online platform and print media for beauty treatment  <b>Jalan</b> Online platform and print media for travel in Japan  <b>Study Sapuri</b> Online learning service for students and adults  <b>Air BusinessTools</b> Cloud-based operational and management support solutions for business clients across an expanding variety of businesses
	<b>HR Solutions</b>	
	BUSINESS DESCRIPTION	BRANDS AND SERVICES
	A variety of HR services mainly in Japan through online platforms and print media for job seekers and business clients.	<b>Rikunabi</b> Online matching platform for new graduates  <b>Rikunabi NEXT</b> Online matching platform for professionals  <b>RECRUIT AGENT</b> Employment placement service for professionals  <b>RECRUIT DIRECT SCOUT</b> Talent sourcing service for professionals  <b>TOWNWORK</b> Online matching platform and print media for part-time and full-time job seekers

SEGMENT / SBU HEADQUARTERS	OPERATION
<b>Staffing /</b> RGF Staffing B.V.	<p data-bbox="496 264 564 293"><b>Japan</b></p> <p data-bbox="496 315 775 344"><b>BUSINESS DESCRIPTION</b></p> <p data-bbox="496 367 759 396">Staffing services in Japan</p> <p data-bbox="496 418 667 448"><b>SUBSIDIARIES</b></p> <p data-bbox="496 459 900 517">Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.</p> <p data-bbox="496 526 764 555"><b>Europe, US, and Australia</b></p> <p data-bbox="496 577 775 607"><b>BUSINESS DESCRIPTION</b></p> <p data-bbox="496 629 1015 658">Staffing services mainly in Europe, US, and Australia</p> <p data-bbox="496 680 667 710"><b>SUBSIDIARIES</b></p> <p data-bbox="496 721 839 943">                     RGF Staffing France SAS                      RGF Staffing Germany GmbH                      RGF Staffing the Netherlands B.V.                      RGF Staffing UK Limited                      Unique NV                      Staffmark Group, LLC                      The CSI Companies, Inc.                      Chandler Macleod Group Limited                 </p>

Since Recruit Holdings falls under the category of Specified Listed Company under the insider trading regulations, the criteria for determining the insignificance of material facts relative to the size of the Company with respect to insider trading regulations are decided based on the figures on a consolidated basis.



Operational Chart



## 5. Management Philosophy and Strategies

### Management Philosophy

Recruit Group Management Philosophy is defined by its Basic Principle, Vision, Mission and Values as follows:

<b>Basic Principle</b>	We are focused on creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest.	
<b>Vision</b>	<p>Follow Your Heart</p> <p>We envision a world where individuals and businesses can focus on what really matters. The more people are free to pursue their passions, the better our future becomes.</p>	
<b>Mission</b>	<p>Opportunities for Life. Faster, Simpler and closer to you.</p> <p>Since our foundation, we have connected individuals and businesses offering both a multitude of choices.</p> <p>In this era of search where information has become available anytime anywhere, we need to focus more on proposing the optimal choice. We seek to provide "Opportunities for Life" much faster, surprisingly simpler and closer than ever before.</p>	
<b>Values</b>		
<b>Wow the World</b>	<b>Bet on Passion</b>	<b>Prioritize Social Value</b>
What we do isn't a job. We enjoy exploring what is possible for our future. We question the status quo, fail well and overcome with resilience. We are a force for change.	We are a team of people fueled by curiosity. We respect and capitalize on each other's differences. We know that one person's crazy idea, when backed by data and research, can become the best bet.	We, as global citizens, strive to contribute to a sustainable society through all of our corporate activities. Each one of us is committed to seeking out the needs of society and taking action for a better future.

The Company has developed a two-sided marketplace business model to align with its management philosophy. Through its platforms, the Company facilitates the best possible matches for the mutual benefit of both individual users and business clients.

In recent years, technological advancement has enabled the Company to improve matching efficiency, providing better matching outcomes for individual users and improving operational efficiencies for business clients.

### Target Management Key Performance Indicators (KPIs)

The Company aims to invest in new businesses, research and development, and mergers and acquisitions (M&A) in order to achieve profitable growth over the long-term, and maximize enterprise value as well as shareholder value. Therefore, the Company has set adjusted EBITDA and adjusted EPS as target management KPIs.

### Business Strategies

The Company strives to maximize enterprise value and shareholder value by responding to the rapidly transforming technology and internet landscape and by identifying business opportunities globally.

Through HR Technology, HR Solutions in Matching & Solutions and Staffing for the global HR Matching market as well as through Marketing Solutions in Matching & Solutions for Japan, the Company aims not only to provide online advertising business but also to be a solution provider to improve the business performance and productivity of clients' businesses by utilizing technology.

In an environment of high uncertainty, the Company believes that making a positive impact on society and this shared planet is key to achieving sustainable growth, and prospering together with all stakeholders through all corporate activities with a sound governance foundation is important. Therefore, the Company has set specific targets for environmental, social and governance (ESG) matters as a corporate strategy which will be monitored by the Board of Directors, and will take initiatives through dialogue with stakeholders.

The Company's business strategies are as follows:

**Simplify Hiring - Aim to simplify hiring by connecting people with jobs, faster and easier**

The HR Matching market includes job advertising & talent sourcing tools, direct hire, retained search, internal recruitment automation, and temporary staffing. The Company is committed to making it easier and faster for people to get jobs, while reducing the cost and time to hire for employers across the HR Matching market.

The Recruit group is dedicated to automating many of the steps in the hiring process and to enhancing the quality and speed of matching in all HR matching markets it operates in. We aim to leverage the vast amount of data available in each service combined with AI and machine learning technology to simplify the hiring process and deliver greater value to job seekers and employers. The Company's long term vision is to more quickly, effectively and fairly connect job seekers and employers at the push of a button<sup>1</sup>.

At the center of this strategy, HR Technology SBU operates a global two-sided talent marketplace that includes the world's leading online matching and hiring platforms<sup>2</sup> Indeed and Glassdoor. Every day, millions of job seekers connect with millions of employers of all sizes, from small businesses to large enterprises and staffing agencies, directly on Indeed and Glassdoor.

Job seekers can access more than 30 million jobs<sup>3</sup> that have been aggregated from public sources or posted directly by employers to HR Technology's platforms and can access hundreds of millions of company ratings, company reviews and salaries<sup>4</sup> to help them make informed job and career decisions. Job seekers are provided with a suite of tools and resources that make getting a job simple, fast and more human, including job search and recommendations, resume posting, career advice, and scheduling and conducting video and phone interviews.

For employers, both Indeed and Glassdoor offer solutions to recruit and hire qualified talent in an easier and more efficient way. Employers can post and advertise jobs and build their company's employment brand across both platforms, reaching a broad and diverse job seeker audience. Indeed and Glassdoor offer a range of products for employers to source, screen, interact with, and interview candidates and together they provide an efficient source of candidates through pay-for-performance and subscription pricing models.

The scale of the two-sided talent marketplace created by Indeed and Glassdoor is evidenced by the 3 million employers<sup>5</sup> that use Indeed each year to hire, the 330 million Unique Visitors<sup>6</sup> that visit Indeed, and 55 million Unique Visitors<sup>7</sup> that visit Glassdoor each month to search for jobs, create resumes, research companies and participate in the hiring process.

Improving the matching process between job seekers and employers is vital to enhance the efficiency and effectiveness of the two-sided talent marketplace. This involves continuously refining the accuracy and timeliness of the information we use, in conjunction with AI and machine learning technology, to provide the most suitable job recommendations and the most qualified candidate pool available. Additionally, an essential element of this effort is to increase engagement with job seekers in our talent marketplace. By logging in and creating a profile, job seekers provide us with a better understanding of their skills and preferences, enabling us to offer more personalized job recommendations that are highly relevant to them. This not only provides a superior user experience but also helps job seekers find suitable opportunities more efficiently.

Furthermore, we also believe that it is crucial to understand the factors that drive successful and unsuccessful outcomes for job seekers and employers. Our talent marketplace facilitates interactions between job seekers and employers, such as messaging, calls, application submissions, interview requests and RSVPs, offers, and more. By tracking these interactions in our marketplace throughout the hiring process, we gain valuable insights into why job seekers and employers progress from one step to the next.

The Company considers the measured average number of hires per minute<sup>8</sup> to be a Key Performance Indicator (KPI) that demonstrates our success in simplifying the hiring process. We believe this KPI indicates a successful engagement between job seekers and employers, which represents improvements in matching and automation, as well as improvements in employer engagement that help us measure more hires. In calendar 2022, based on internal measurement, an average of 23 job seekers were hired on Indeed and Glassdoor every minute.

The Company believes that by fully utilizing the Recruit group's business client relationships, offline and online data, combined with machine learning and AI technologies, the Recruit group's matching engine can be improved significantly, helping to simplify the process for job seekers and make recruiting more efficient.

RECRUIT AGENT and RECRUIT DIRECT SCOUT, the placement services in Matching & Solutions SBU, use the Recruit group's matching engine to streamline processes like screening resumes, which used to be done manually. By combining the matching engine with the data and knowledge from more than 60 years of operating HR businesses in the Japanese market, we will accelerate our Simplify Hiring strategy in Japan.

The Staffing SBU is working to improve the job seeker experience for temporary workers by applying data and automation to the traditional temporary staffing business, collaborating with HR Technology's app-based solution, Indeed Flex, to provide access to available jobs, salary choice and schedule flexibility.

The Company estimates the global HR Matching market was roughly 327 billion US dollars<sup>9</sup> in 2022.

The Company believes that the size of the global HR Matching market increased significantly again in 2022, after initially rebounding in 2021 from the contraction caused by the COVID-19 pandemic in 2020.

The Company believes that the past two years of significant growth are reflective of a historically unique period in the global labor market brought upon by the economic recovery from the initial impact of the COVID-19 pandemic and how employers and job seekers reacted to the pandemic. While the Company expects that the HR Matching market will grow over the long term, the Company expects that the HR Matching market will contract in 2023 as labor markets, including employer and job seeker activities and expectations, adjust and normalize, and are likely to be negatively impacted by overall economic conditions.

The size of the market in 2021 has been updated from the Company's initial estimate in the Q4 FY2021 Earnings Release as of May 16, 2022 based on information that became available after the publication of such initial estimate pertaining to each market listed below as well as revisions to the definition and scope of the Internal Recruitment Automation and Temporary Staffing markets. As described in more detail below, we revised the definitions of these two markets by adding the estimated annual revenue of the Applicant Tracking Systems<sup>10</sup> ("ATS") and the estimated annual internal spending by employers on Background Checks<sup>11</sup> that can be reasonably automated and monetized by third parties to the Internal Recruitment Automation market, and adding an estimated annual revenue for each of the Talent Platforms<sup>12</sup>, Staffing Platforms<sup>13</sup>, Vendor/Freelancer Management Systems<sup>14</sup> ("VMS/FMS"), and the estimated annual spending by employers on Managed Service Providers<sup>15</sup> ("MSP") and Recruitment Process Outsourcing<sup>16</sup> ("RPO") that can be reasonably automated and monetized by third parties to the Temporary Staffing market. In addition, other markets in 2021 have also been updated from the Company's initial estimate in the Q4 FY2021 Earnings Release as of May 16, 2022 based on information that became available after the publication.

#### HR Matching addressable markets

(in billions of dollars)	2021		2022
	as of May 16, 2022	Updated	
Job Advertising and Talent Sourcing <sup>17,18</sup>	26	27	32
Direct Hire <sup>19,20,21</sup>	45	55	61
Retained Search <sup>19,20,21</sup>	31	36	42
Temporary Staffing <sup>22,23,24</sup>	88	108	128
Internal Recruitment Automation <sup>25,26,27</sup>	43	61	64
<b>Total Addressable Market ("TAM")<sup>28</sup></b>	<b>236</b>	<b>288</b>	<b>327</b>

**Job Advertising and Talent Sourcing:** The global online job advertising and talent sourcing market is estimated by the Company to have been roughly 30 billion US dollars<sup>17</sup> in terms of annual revenue in 2022. The global offline job advertising market, which the Company estimates was roughly 2 billion US dollars<sup>18</sup> in terms of annual revenue, is expected to continue to contract as a portion of the total job advertising and talent sourcing market as demand in this market flows into online channels.

**Direct Hire:** The direct hire market, where companies are paid fees for placing permanent workers at employers, is estimated by the Company to have been roughly 61 billion US dollars<sup>21</sup> in terms of annual revenue globally in 2022 and has historically been dominated by traditional relationship-based business models.

**Retained Search:** The retained search market, where companies are paid to search for employees to fill specific roles, commonly executive roles, is estimated by the Company to have been roughly 42 billion US dollars<sup>21</sup> in terms of annual revenue globally in 2022 and is similarly dominated by traditional relationship-based models.

**Temporary Staffing:** The temporary staffing market, where companies are paid to find and employ, or facilitate employment of, workers for a temporary period, is estimated by the Company to have been roughly 585 billion US dollars<sup>24</sup> in annual revenue globally in 2022. The total gross profit for all staffing companies, which is calculated by subtracting the amount of salary for temporary staff and related costs from the total revenue, is estimated by the Company to have been roughly 116 billion US dollars<sup>24</sup> in 2022. Additionally, we have revised our definition of this market to include the estimated annual revenue globally in 2022 for each of the Talent Platforms, Staffing Platforms and VMS/FMS markets, and an estimated annual spending by employers on MSP and RPO that can be reasonably automated and monetized by third parties (including an estimated reduction from historical spending due to cost savings achieved through automation). Given the related nature of these markets and the frequency with which service providers offer some or all of these services, the Company believes that it is appropriate to combine these markets as part of the temporary staffing market. Including these new markets, the Company estimates that the temporary staffing market was roughly 128 billion US dollars globally in 2022. The Company sees near-term opportunities to introduce technology-driven solutions that create

efficiencies by automating human-driven processes involved in traditional temporary staffing services and over the long-term seeks to transform the market through these solutions. The Company intends to explore the development of new and innovative solutions in temporary staffing and apply them to new and existing businesses to capture future opportunities by leveraging data and technology.

**Internal Recruitment Automation:** The potential internal recruitment automation market, which the Company has begun to address, is estimated by the Company to have been roughly 64 billion US dollars<sup>27</sup> in 2022. The size of this market is estimated based on the historical estimated spending by employers on internal talent acquisition resources, and then estimating how much of this spending can be reasonably automated and monetized by third parties (including an estimated reduction from historical spending due to cost savings achieved through automation). Additionally, in order to more comprehensively capture the automation tools that are currently used by employers in the recruitment process, we have revised our definition of this market to include the estimated annual revenue globally in 2022 for ATS and an estimated annual internal spending by employees on Background Checks that can be reasonably automated and monetized by third parties.

The **Direct Hire, Retained Search, and Internal Recruitment Automation** markets have historically been characterized as business processes and methods that are highly dependent on manual processes in order to source and screen candidates, schedule interviews, and disposition candidates. The Company is currently aiming to develop highly efficient solutions for recruiters, hiring managers, and business owners at lower prices compared to the industry average, using data and automation to make getting a job and hiring an employee simpler and faster. As a result, the Company aims to further grow the number of employers it serves and increase the share of employers' recruiting budgets that it can capture.

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- <sup>1</sup> The Company is aware there may be legal restrictions in this area and so will endeavor that the Company's work meets those requirements.
- <sup>2</sup> Source: comScore, Total Visits, March 2023
- <sup>3</sup> Daily average number of jobs searchable on Indeed, worldwide, March 2023
- <sup>4</sup> Cumulative number of company ratings, company reviews and salaries submitted on Indeed (approximately 850 million) , worldwide, as of March 31, 2023
- <sup>5</sup> Internal data based on the last 12 months of activity as of March 2023
- <sup>6</sup> Internal data, an average of each month's total of distinct cookie IDs visiting Indeed's site between October 2022 - March 2023
- <sup>7</sup> Internal data based on Google Analytics, an average of each month's total of distinct cookie IDs visiting Glassdoor's site between October 2022 - March 2023
- <sup>8</sup> Hires per minute is a calculation of hired signals per year on Indeed and Glassdoor, divided by minutes per year. A hired signal refers to the event when a specific job seeker is hired for a specific job on a specific date. Hired signals are counted either when an employer or job seeker explicitly communicates a hire occurred (e.g., via survey or web form) or when there is other clear evidence from Indeed and Glassdoor data that a hire occurred (e.g., from a resume or an Indeed message) and may not represent all hires facilitated by Indeed and Glassdoor.
- <sup>9</sup> Sum of the estimated size of addressable markets for the job advertising & talent sourcing tools market, the direct hire market and the retained search market in terms of annual revenue, the estimated size of the addressable market for the internal recruitment automation market in terms of the amount of current expenses of employers for internal talent acquisition resources that could be reasonably automated and monetized plus the estimated size of the addressable market for the ATS market and the Background Checks market, and the addressable markets for the temporary staffing market in terms of annual gross profit plus the estimated size of the addressable markets for the Talent Platforms, Staffing Platforms, VMS/FMS, MSP, and RPO markets, in each case based on the Company's estimates and third party market data as described in the notes below.
- <sup>10</sup> The Applicant Tracking Systems ("ATS") market, where companies provides software and other tools to facilitate the tracking of applicants through different stages of the recruitment process, is estimated by the Company to have been roughly 1 billion US dollars in terms of annual revenue globally in 2021 and 2022 based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.
- <sup>11</sup> The Background Checks market, where companies use digitized methods to verify and vet applicants' background and credentials, is estimated by the Company to have been roughly 1 billion US dollars in terms of annual internal spending by employers that can be reasonably automated and monetized by third parties in 2021 and 2022 based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.
- <sup>12</sup> The Talent Platforms market, where companies manage marketplaces that facilitate direct contingent work arrangements that enable a legal relationship between companies and workers, is estimated by the Company to have been roughly less than 1 billion US dollars in 2021 and roughly 2 billion US dollars in 2022 in terms of annual revenue globally based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.

- <sup>13</sup> The Staffing Platforms market, where companies manage marketplaces that facilitate automated match of candidates with relevant temporary assignments, is estimated by the Company to have been roughly less than 1 billion US dollars in 2021 and roughly 4 billion US dollars in 2022 in terms of annual revenue globally based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.
- <sup>14</sup> The Vendor/Freelancer Management Systems (“VMS/FMS”) market, where companies provide technology used to manage a company’s contingent workforce program, is estimated by the Company to have been roughly 2 billion US dollars in 2021 and roughly 3 billion US dollars in 2022 in terms of annual revenue globally based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.
- <sup>15</sup> The Managed Service Provider (“MSP”) market, where companies provide services associated with management of all or part of a client’s contingent workforce program through the use of automation, is estimated by the Company to have been roughly less than 1 billion US dollars in 2021 and roughly 1 billion US dollars in 2022 in terms of annual spending by employers that can be reasonably automated and monetized by third parties based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.
- <sup>16</sup> The automated Recruitment Process Outsourcing (“RPO”) market, where companies perform the partial or full internal recruitment function for a third party, from sourcing to onboarding through the use of automation, is estimated by the Company to have been roughly 2 billion US dollars in 2021 and roughly 3 billion US dollars in 2022 in terms of annual spending by employers that can be reasonably automated and monetized by third parties based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update, respectively, as well as a growth rate estimated by the Company.
- <sup>17</sup> Estimated size of the global online job advertising and talent sourcing tools market calculated by adding together the revenue of HR Technology in the relevant year, the Company’s estimates for revenue of competing job advertising boards in the Company’s target operating markets in the relevant year based on third party reports and internal research, and the Company’s estimates for annual revenue of the talent solutions business of LinkedIn in the Company’s target operating markets in the relevant year based on publicly available information and internal research.
- <sup>18</sup> Estimated size of the global offline job advertising market derived based on the proportion of online to offline spending (excluding TV, cinema and radio advertising) in the overall advertising market in the relevant year based on third party reports and the estimated size of global online job advertising and talent sourcing tools market. The numbers in this chart are the sum of the global offline job advertising market and global online job advertising and talent sourcing tools market.
- <sup>19</sup> Source for 2021 as of May 16, 2022: SIA, Global Staffing Market Estimates and Forecast: November 2021 Update. Placement & Search market is derived by applying 14%, which was Placement & Search’s share of 2021 Global Staffing Revenue to 550 billion US dollars, the estimated 2021 Global Staffing Revenue, derived by applying the estimated 2021 14% growth rate to the estimated 2020 market of 483 billion US dollars. Direct Hire Market is defined as a segment of Placement & Search Market, which in turn is a segment of Global Staffing Industry Market. Direct Hire Market segment was derived by applying SIA’s Global Staffing Industry Market figure to country-by-country ratios of the relative proportion attributable to this segment within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Placement & Search Market not attributable to the Direct Hire Market and derived as the difference between these two segments.
- <sup>20</sup> Source for 2021: SIA, Global Staffing Market Estimates and Forecast: November 2022 Update. Placement & Search market is derived by applying 15%, adjusted from 14% estimated in the prior year, which was Placement & Search’s share of 2021 Global Staffing Revenue to 620 billion US dollars, upwardly revised from the prior estimate of 550 billion US dollars, which was estimated 2021 Global Staffing Revenue. Direct Hire Market is defined as a segment of Placement & Search Market, which in turn is a segment of Global Staffing Industry Market. Direct Hire Market segment was derived by applying SIA’s Global Staffing Industry Market figure to country-by-country ratios of the relative proportion attributable to this segment within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Placement & Search Market not attributable to the Direct Hire Market and derived as the difference between these two segments.
- <sup>21</sup> Source for 2022: SIA, Global Staffing Market Estimates and Forecast: November 2022 Update. Placement & Search market is derived by applying 15%, which was Placement & Search’s share of 2022 Global Staffing Revenue to 688 billion US dollars, which was estimated 2022 Global Staffing Revenue, derived by applying the estimated 2022 11% growth rate to the estimated 2021 market of 620 billion US dollars. Direct Hire Market is defined as a segment of Placement & Search Market, which in turn is a segment of Global Staffing Industry Market. Direct Hire Market segment was derived by applying SIA’s Global Staffing Industry Market figure to country-by-country ratios of the relative proportion attributable to this segment within the total market based on proprietary third party market data. Retained Search Market is defined as the portion of Placement & Search Market not attributable to the Direct Hire Market and derived as the difference between these two segments.
- <sup>22</sup> Source for 2021 as of May 16, 2022: derived by applying a gross profit margin of 18.68%, which was calculated based on the weighted

average of the top 3 publicly traded global staffing companies in terms of revenue in 2021 to 473 billion US dollars, which was the revenue of the temporary staffing market in 2021 from SIA, Global Staffing Market Estimates and Forecast: November 2021 Update by applying the estimated 2021 14% growth rate to the estimated 2020 market of 415 billion US dollars.

- <sup>23</sup> Source for 2021: derived by applying a gross profit margin of 18.68%, which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2021 to 527 billion US dollars, upwardly revised from 473 billion US dollars, which was the revenue of the temporary staffing market in 2021 from SIA, Global Staffing Market Estimates and Forecast: November 2022 Update. Additionally, this revised market estimate includes the estimated markets for each of the Talent Platforms, Staffing Platforms, VMS/FMS, MSP and RPO.
- <sup>24</sup> Source for 2022: derived by applying a gross profit margin of 19.85% which was calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue in 2022 to 585 billion US dollars, which was the revenue of the temporary staffing market in 2021 from SIA, Global Staffing Market Estimates and Forecast: November 2022 Update by applying the estimated 2022 11% growth rate to the restated estimated 2021 market of 527 billion US dollars. Additionally, this revised market estimate includes the estimated markets for each of the Talent Platforms, Staffing Platforms, VMS/FMS, MSP and RPO.
- <sup>25</sup> Source for 2021 as of May 16, 2022: Amount derived by applying an approximately 5% growth rate estimated by the Company to the estimated 2020 market of roughly 42 billion US dollars based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022. SIA's estimates are based on the assumption that 35% of historical spending on internal talent acquisition resources could be reasonably captured by current technology and that technology would result in 35% cost savings from historical spending. In the report, SIA notes given the challenges in making global estimates with incomplete information, and in estimating potential automation and savings, SIA advises readers to think of the estimated market size as a midpoint in a range with a 20% spread.
- <sup>26</sup> Source for 2021: Amount derived by applying an approximately 11% growth rate estimate by the Company to the estimated 2020 market of roughly 55 billion US dollars based on SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): March 2022 and the updated assumptions as described below in SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update. SIA's estimates are based on the assumption that 40%, upwardly revised from 35%, of historical spending on internal talent acquisition resources could be reasonably captured by current technology and that technology would result in 28%, downwardly revised from 35%, cost savings from historical spending. In the report, SIA notes given the challenges in making global estimates with incomplete information, and in estimating potential automation and savings, SIA advises readers to think of the estimated market size as a midpoint in a range with a 20% spread. Additionally, this revised market estimate includes the addition of the ATS market and the Background Checks market.
- <sup>27</sup> Source for 2022: SIA, The Evolution of Recruiting: Estimating the Addressable Market for Recruitment Automation (custom research commissioned by Indeed): January 2023 Update. SIA's estimates are based on the assumption that 40% of historical spending on internal talent acquisition resources could be reasonably captured by current technology and that technology would result in 28% cost savings from historical spending. In the report, SIA notes given the challenges in making global estimates with incomplete information, and in estimating potential automation and savings, SIA advises readers to think of the estimated market size as a midpoint in a range with a 20% spread. This market estimate includes the addition of the ATS market and the Background Checks market.
- <sup>28</sup> As described above, the estimates of the job advertising & talent sourcing tools market, the direct hire market, the retained search market, the internal recruitment automation market and the temporary staffing market are based on internal estimates and independent market research in addition to third party market data. Accordingly, the estimates described above may differ materially from the actual size of such markets.

**Help Businesses Work Smarter - Aim to improve the productivity and performance of clients' businesses through SaaS solutions in Japan**

Help Businesses Work Smarter aims to contribute to improving productivity and profitability of our business clients in Japan, mainly led by Marketing Solutions, which provides vertical matching platforms and associated vertical-specific business support SaaS solutions, as well as business support SaaS solutions which work across all verticals, called Air BusinessTools.

The Help Businesses Work Smarter strategy will be achieved by consolidating business clients' operations within a single ecosystem, consisting of vertical matching platforms, SaaS solutions, and the HR matching services.

While building the ecosystem, the Company believes "the number of actions by individual users<sup>1</sup>," "the number of registered SaaS accounts<sup>2</sup>," and "the gross payment volume, GPV<sup>3</sup>," are important KPIs.

The number of actions by individual users in FY2022 was approximately 420 million, an increase of 34% year over year. Actions by individual users includes the number of online reservations on our salon, restaurant, and lodging matching platforms and the total number of applications in our HR matching services. An increase in the number of actions in Marketing Solutions may translate into revenue growth for business clients, while in HR Solutions, it leads to an increase in matching opportunities between job seekers and business clients.

As of March 31, 2023 the number of registered SaaS accounts was approximately 3.18 million, an increase of 30% year over year. AirPAY, a cashless payment service, and AirWORK ATS, a recruitment management system, were primary drivers of the increase in the number of accounts, as these and other Air BusinessTools extend our services to new businesses outside our existing verticals, such as retailers.

The Company estimates that roughly 4.53 million<sup>4</sup> business locations and stores in Japan are potential users of Air BusinessTools. Assuming each business location uses multiple SaaS solutions, we believe there is still significant opportunity to expand. An increase in the number of registered accounts represents the expansion of our customer base.

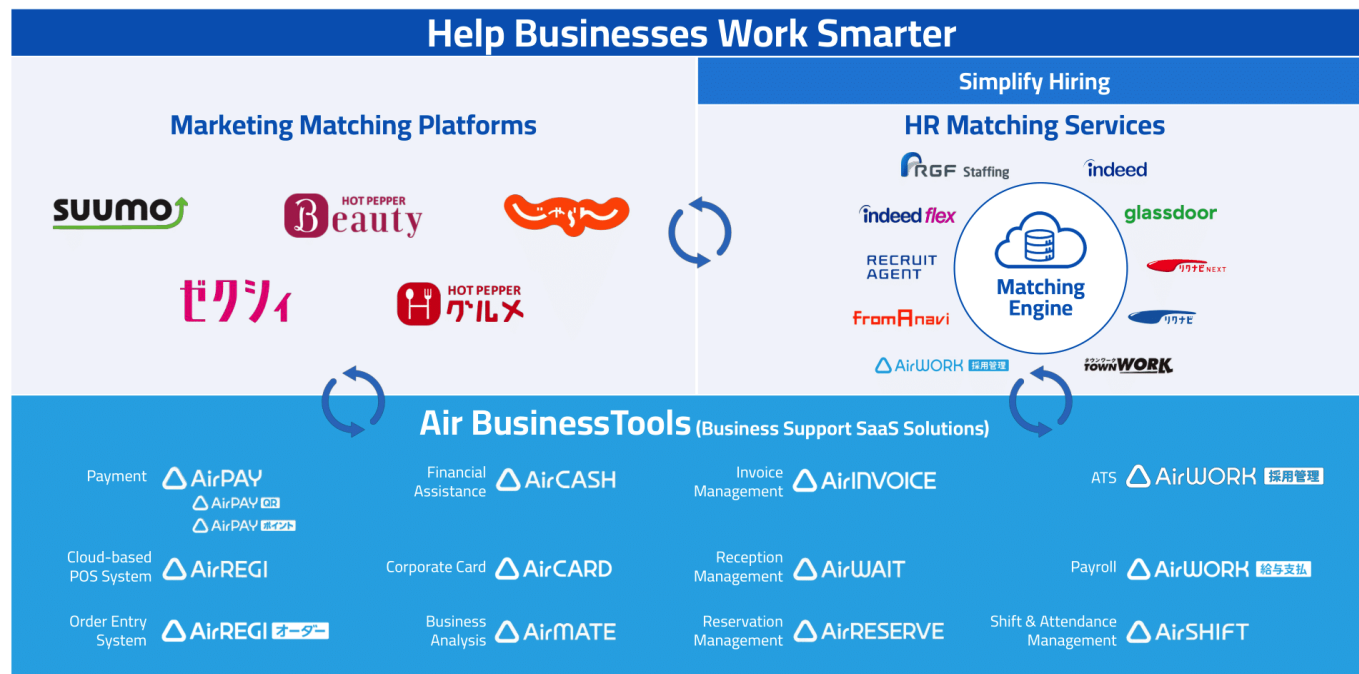
For FY2022, GPV reached approximately 1.3 trillion yen, an increase of 69% year over year. Apart from the increase in the number of AirPAY registered accounts, the growth in payment volumes is also due to the new online payment service offered through AirPAY. The newly launched online payment service is now available for both Hot Pepper Beauty and Hot Pepper Gourmet, following its introduction on Jalan net. This service enables individual users to make online payments for their salon bookings and restaurant reservations, which translated to GPV that we had not previously captured. GPV is important for the future expansion of fintech services, which, when linked with Marketing Solutions, we believe will become a new potential source of revenue in the long term.

During FY2022, new fintech services were developed and launched including AirCASH, a service allowing business clients to receive cash in advance based on their future revenue and AirINVOICE, an invoice management service, allowing business clients to complete payments with smartphones.

By integrating vertical matching platforms in Marketing Solutions with Air BusinessTools SaaS solutions, the Company creates opportunities to engage with business clients across many business operation services. Additionally, incorporating HR matching services into our offering will complete all business operations within our ecosystem, increasing the recurring use of our various products for business clients and ultimately resulting in greater lifetime value.

For example, Hot Pepper Beauty WORK, launched in February 2023, automatically links job advertisements by business clients to their pages on Hot Pepper Beauty. By providing realistic and reliable information to job seekers, such as salon staff profiles, clientele, and client reviews, Hot Pepper Beauty enables job seekers to have a concrete understanding of the work environment prior to joining a company. For business clients, the automatic integration with Hot Pepper Beauty eliminates the need to enter additional information other than the job information, allowing them to always have the most up-to-date job information available. This initiative combines a vertical matching platform in Marketing Solutions with an HR matching service to provide greater convenience for both job seekers and business clients.

### Our Targeted Ecosystem



<sup>1</sup> The total of the number of applications on Rikunabi NEXT, TOWNWORK, and RECRUIT AGENT, the number of individual users who were referred to our business clients at SUUMO Counter, the number of online reservation on Hot Pepper Beauty, the number of hotel bookings on Jalan, the number of seats reserved on Hot Pepper Gourmet, and the number of payments through AirPAY during the period from April 1, 2022 to March 31, 2023.



- <sup>2</sup> Cumulative number of registered accounts of paid and unpaid SaaS solutions provided by Matching & Solutions SBU in Japan as of March 31, 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.
- <sup>3</sup> Total gross payment volume of offline payments through AirPAY terminals, including QR code payments through AirPAY QR, and online payments through AirPAY ONLINE (Since the revenue generated from the payment processing fee we collect is based on a very small percentage of total gross payment volume, changes in total gross payment volume are not necessarily proportional to changes in our total revenue).
- <sup>4</sup> The Company estimated the number of business locations and stores that can be potential users of SaaS solutions provided by Matching & Solutions SBU as of June 30, 2022 in Japan by identifying the total number of business locations and stores of small and medium-sized enterprises in Japan (using the definition used by Small and Medium Enterprise Agency) based on the 2016 Economic Census for Business Activity conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry. Considering the solutions (including AirWORK ATS) provided by Matching & Solutions SBU in Japan as of June 30, 2022, the Company now believes it is possible to provide its SaaS solutions to all business locations and stores of small and medium-sized businesses regardless of the industry. Accordingly, the Company decided to count all such business locations and stores as potential users of its SaaS solutions. Matching & Solutions SBU continues to target potential users among small and medium-sized businesses as defined by Small and Medium Enterprise Agency based on the current major target for potential users of SaaS solutions.

### **Prosper Together - Seek sustainable growth shared by all stakeholders**

The Company believes that it can make a positive impact on society and the global environment through its corporate activities. And by doing so, we can prosper together with all our stakeholders and take an essential step toward achieving sustainable growth. As we announced in May 2021, our environmental, social, and governance (ESG) goals have become one of the strategic pillars of our corporate strategy. The progress we have made toward these goals is outlined below.

#### **Environmental (E)**

We anticipate achieving our short-term goal of reaching carbon neutrality throughout our business activities in FY2022 - just as in FY2021.<sup>1,2</sup> Our long-term goal is to achieve carbon neutrality across our entire value chain by FY2030.<sup>1,2</sup> In order to accelerate our efforts toward this long-term goal, we set a three-year reduction target<sup>3</sup> and signed on to the Science Based Targets initiative's (SBTi) "Near-term targets to 1.5°C."<sup>4</sup> In recognition of our environmental actions, following 2021, we were selected in 2022 as a Supplier Engagement Leader, CDP's highest supplier engagement rating.<sup>5</sup>

Furthermore, we have also started contributing to the environment through our products. With Indeed Interview, which allows users to complete job interviews online, we are avoiding Greenhouse Gas (GHG) emissions.<sup>6</sup>

#### **Social (S)**

As a leader in the global two-sided talent marketplace, the Company has made two commitments to create a significant social impact through its business in the area of work, which is an indispensable foundation for people's lives, and to contribute to reducing the duration of unemployment for all job seekers.

As part of our commitment to reduce the time it takes to get hired by half by FY2030, we are focused on expanding the collection and analysis of user data on Indeed. We made progress on this in FY2022, and in doing so, we discovered that there are large differences in job search duration based on the type of occupation as well as the salary range.

We made advancement in product development to shorten the time to get hired. For example, we observed that job search duration was 17% shorter when job seekers applied to open roles that were sponsored, and when those hiring employers used a Pay Per Application pricing model instead of a Pay Per Click model.<sup>7</sup> In addition, the time to hire for employers decreased 16% when they used Indeed Assessments which enables skill-based matching.<sup>8</sup>

We set a goal of helping 30 million job seekers facing barriers get jobs by FY2030 by reducing bias and barriers in hiring that can make it harder for many job seekers to find, get and keep a job. We worked to reduce common barriers that affect people globally such as education, disabilities, criminal records,<sup>9</sup> experience in military services<sup>10</sup> and lack of work essentials<sup>11</sup> such as access to technology and transportation. We are proud to have been able to help approximately 3.9 million job seekers facing barriers get hired<sup>12</sup> through making advancements in products and partnerships,<sup>13</sup>

The diversity of Recruit Group's employees has been the source of our value creation from the very beginning. Betting on the passion and ideas of our employees has long been our competitive advantage. This is why our corporate agenda continues to prioritize a diverse, equitable and inclusive (DEI) workforce that empowers individuals and fosters innovation.

We are addressing our overall gender gap by working towards a group-wide commitment to increase the representation of women across the group companies to achieve approximately 50% in senior executive positions, managerial positions, and total employees within the Company by FY2030.<sup>14</sup> To accelerate our efforts, we have also set a three-year target.<sup>3</sup>

One such example is underway within the Matching & Solutions Business which operates mainly in Japan, where the gender gap is particularly significant. To increase representation of women, we worked to identify and reduce gender bias by clarifying the requirements for managerial positions and reevaluating what had previously been considered as must-have skills or necessary work styles. These efforts not only increased representation of women in managerial candidates, but also opened up opportunities for employees regardless of gender, and enhanced the overall pool of managerial candidates.

### Governance (G)

Diversity in the boardroom is also critical for high quality decision-making, transparency and soundness in a company's governance structure. Recruit Holdings continues to enhance the diversity of skills, experience, and backgrounds of the board members and is committed to achieving approximately 50% women's representation among the members of the Board of Directors and Audit and Supervisory Board by FY2030.

In FY2023, Recruit Holdings will propose candidates for the Board of Directors including Katrina Lake as a new addition at its Annual General Meeting of Shareholders in June 2023. If approved, the representation of women will increase from approximately 27% to approximately 33%.<sup>15</sup> This appointment will not only broaden the diversity of the Board of Directors from a gender perspective, but also in terms of nationality, age, skills and experience.

The Board of Directors has resolved to set mid-term targets over a three-year period for both GHG emissions reduction and gender parity, and beginning in FY2022 Recruit Holdings has linked the achievement of these targets to a percentage of the long-term incentive compensation<sup>16</sup> for the executive directors and corporate officers in charge of driving and realizing these ESG goals.

- <sup>1</sup> GHG emissions throughout our business activities are the sum of direct emissions from the use of fuels in owned or controlled sources and are referred to as Scope 1. Indirect emissions from the use of purchased electricity, heat, or steam in owned or controlled sources are referred to as Scope 2. GHG emissions from the value chain are referred to as Scope 3, and comprise indirect emissions other than Scope 1 and 2. The entire value chain represents the sum of Scopes 1, 2 and 3 GHG emissions. The Company aims to achieve carbon neutrality upon completion of the following steps: measurement of GHG emissions, obtaining an accredited third-party assurance on the amount of GHG emissions, and offsetting of those emissions.
- <sup>2</sup> All GHG emission figures are approximate numbers calculated based on the GHG Protocol. Additionally, independent third-party assurances have been obtained from SOCOTEC Certification Japan and SCS Global Services for GHG emissions and avoided GHG emissions.
- <sup>3</sup> The GHG emission reduction target is based on the results from FY2022 to FY2024. The women's representation target for employees is based on the results from April 1, 2022 to April 1, 2025. The women's representation target for members of the Board of Directors is based on the results from July 1, 2022 to July 1, 2025.
- <sup>4</sup> Near-term targets to 1.5°C is a short-term target defined by the Science Based Targets initiative (SBTi) and established in line with the science-based level of reduction in GHG emissions required to limit the global temperature rise to below 1.5°C compared to the temperatures before the Industrial Revolution.
- <sup>5</sup> CDP is a British charity-controlled non-governmental organization (NGO) established in 2000. It owns one of the world's largest environmental databases, working with large global financial institutions to disclose the environmental impact of companies.
- <sup>6</sup> The amount of GHG emissions avoided through the Indeed Interview is more than approximately 13,000t-CO<sub>2</sub>, a contribution beyond the Group's value chain mitigation, so it is not included in the calculation of the Group's Scope 1, Scope 2 or Scope 3 GHG emissions.
- <sup>7</sup> Difference calculated using time from a job seeker's application on Indeed to the job for which they ultimately were hired to the time of the hire for hires made on Indeed in the United States between January 2022 and January 2023. The data set analyzed included sponsored jobs only hosted on Indeed using one of these two pricing models: Pay Per Application and Pay Per Click. Pay Per Application is a newer pricing model where employers only pay for job applicants that meet their criteria. Pay Per Click is Indeed's standard sponsored job pricing model, where employers pay when a job seeker clicks on their sponsored job listing.
- <sup>8</sup> For jobs on Indeed that (a) were less than 14 days old and (b) had applications between November 1, 2022 through December 31, 2022, an analysis revealed a statistically significant difference in the number of days for an employer to make a hire on Indeed between jobs that used Assessments and those that did not. Time to hire was defined as the period from the day the job was posted on Indeed to the day that the job was closed by the employer with the reason that the employer hired a candidate on Indeed.
- <sup>9</sup> In the United States, approximately 70 million people have a criminal record (source: The Sentencing Project), and the unemployment rate of job seekers with a criminal record is approximately five times higher than the US average (source: Prison Policy Initiative).
- <sup>10</sup> A U.S. Chamber of Commerce Foundation study from 2016 found that 53% of veterans are unemployed for four months or longer after leaving the military. We recognize veterans who are looking for a new opportunity or transitioning from military service to civilian life may have difficulty matching their skills and experience to the job market.
- <sup>11</sup> This indicates barriers that hinder job hunting, such as being unable to connect to the Internet and a resultant lack of access to a job platform, and/or lack of transportation to interviews and work.
- <sup>12</sup> Represents number of hires made on Indeed reported from both job seeker and employer sources through our Hired Signal measurement, from May 1, 2021 - March 31, 2023, globally for job seekers, who faced at least one of the following barriers: education, criminal record, military experience, disability or lack of essentials such as a computer or internet access.
- <sup>13</sup> The initiatives as of today include providing assistance through the Company's online job platform, and through partnerships with NPOs and other organizations with whom the Company collaborates. The Company may also aim to reduce other various barriers, including newly emerging issues in the labor market by FY2030.
- <sup>14</sup> Senior executive positions are defined as Senior Vice Presidents and Corporate Professional Officers of Recruit Holdings and Matching & Solutions Strategic Business Unit (SBU), and CEOs of the Company's major subsidiaries and heads of key functions in the HR Technology

and Staffing SBUs. The respective percentages of women in managerial positions and total employees are calculated from Recruit Holdings, SBU Headquarters and the primary operating companies of each SBU. Managerial positions mean those that have subordinate employees.

<sup>15</sup> The Board of Directors members are defined as Directors and Audit and Supervisory Board members.

<sup>16</sup> Compensation based on ESG target achievements is set as a part of board incentive plan (BIP) trust (stock) compensation. Eligibility to receive this compensation and the payout amount will depend on whether or not the three-year target is achieved.

In support of the Company's strategies, each SBU's business strategies are as follows:

#### HR Technology

HR Technology aims to further grow HR Matching revenue globally through Indeed and Glassdoor while the demand for an efficient job seeking experience and hiring process empowered by technology continues to rise.

#### Matching & Solutions

In the future, Matching & Solutions will further expand its SaaS solutions, which are business support tools, to create an ecosystem that supports all economic activities related to the operations of our business clients, including fintech services.

#### Staffing

Staffing aims to achieve steady financial performance by providing job seekers with flexible working opportunities, and by offering employers a flexible workforce across a wide range of industries. *Japan* aims to maintain a stable adjusted EBITDA margin while *Europe, US, and Australia* focus on continuous improvement of adjusted EBITDA margin.

#### **Capital Allocation Policy**

The Company's capital allocation policy has the following priorities:

- Product development and marketing expense for existing businesses for future growth
- Continuous payment of stable per-share dividends
- Strategic M&A mainly focused on HR Technology in the HR Matching Market
- Share repurchase program, depending on the capital markets environment and the outlook of the Company's financial position

The Company focuses on achieving capital efficiency and applies a hurdle rate exceeding the cost of capital when evaluating each investment opportunity. The Company's ROE target is approximately 15%.

**6. Basic Rationale for Selection of Accounting Standards**

The Company has been actively expanding its business globally, and in order to further accelerate global expansion in the future, the Company believes it is necessary to reinforce the infrastructure of the Company's operational management and to improve the ease of financial information comparisons for participants in global capital markets. Therefore, the Company adopted IFRS in place of Japanese GAAP at the start of FY2017.

**7. Consolidated Financial Statements and Primary Notes**
**Consolidated Statement of Financial Position**

(In millions of yen)	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	669,551	877,370
Trade and other receivables	468,032	527,558
Other financial assets	1,903	6,629
Other assets	42,558	53,784
<b>Total current assets</b>	<b>1,182,045</b>	<b>1,465,342</b>
Non-current assets		
Property and equipment	73,559	70,990
Right-of-use assets	187,060	185,036
Goodwill	436,017	462,977
Intangible assets	194,129	187,634
Investments in associates and joint ventures	86,916	26,967
Other financial assets	182,240	228,326
Deferred tax assets	76,685	161,301
Other assets	4,888	4,704
<b>Total non-current assets</b>	<b>1,241,496</b>	<b>1,327,939</b>
<b>Total assets</b>	<b>2,423,542</b>	<b>2,793,281</b>

(In millions of yen)	As of March 31, 2022	As of March 31, 2023
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	283,849	349,916
Bonds and borrowings	26,236	33,845
Lease liabilities	38,433	41,167
Other financial liabilities	111	408
Income tax payables	38,037	70,122
Provisions	13,147	9,876
Other liabilities	295,776	277,442
<b>Total current liabilities</b>	<b>695,592</b>	<b>782,777</b>
Non-current liabilities		
Bonds and borrowings	34,400	1,429
Lease liabilities	172,355	178,513
Other financial liabilities	525	495
Provisions	11,334	12,068
Net liability for retirement benefits	59,994	61,244
Deferred tax liabilities	62,592	107,617
Other liabilities	10,452	8,185
<b>Total non-current liabilities</b>	<b>351,654</b>	<b>369,554</b>
<b>Total liabilities</b>	<b>1,047,247</b>	<b>1,152,332</b>
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	20,640	33,754
Retained earnings	1,464,947	1,711,350
Treasury stock	(298,457)	(432,612)
Other components of equity	136,644	274,517
<b>Total equity attributable to owners of the parent</b>	<b>1,363,776</b>	<b>1,627,010</b>
Non-controlling interests	12,518	13,939
<b>Total equity</b>	<b>1,376,294</b>	<b>1,640,949</b>
<b>Total liabilities and equity</b>	<b>2,423,542</b>	<b>2,793,281</b>

**Consolidated Statement of Profit or Loss**

(In millions of yen, unless otherwise stated)	For the Year Ended March 31,	
	2022	2023
Revenue	2,871,705	3,429,519
Cost of sales	1,221,684	1,432,643
Gross profit	1,650,020	1,996,875
Selling, general and administrative expenses	1,250,305	1,603,242
Other operating income	2,257	4,559
Other operating expenses	23,043	53,888
Operating income	378,929	344,303
Share of profit (loss) of associates and joint ventures	5,349	3,013
Finance income	2,796	25,385
Finance costs	4,326	4,936
Profit before tax	382,749	367,767
Income tax expense	85,026	96,096
Profit for the year	297,722	271,671
Profit attributable to:		
Owners of the parent	296,833	269,799
Non-controlling interests	889	1,872
Profit for the year	297,722	271,671
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	181.68	168.59
Diluted earnings per share (yen)	180.83	167.44

**Consolidated Statement of Comprehensive Income**

(In millions of yen)	For the Year Ended March 31,	
	2022	2023
Profit for the year	297,722	271,671
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	1,452	11,188
Remeasurements of defined retirement benefit plans	(380)	378
Share of other comprehensive income of associates and joint ventures	(255)	(37)
Subtotal	817	11,529
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	98,838	97,415
Effective portion of changes in fair value of cash flow hedges	(134)	10
Subtotal	98,704	97,425
Other comprehensive income (loss) for the year, net of tax	99,521	108,955
Comprehensive income for the year	397,243	380,626
Comprehensive income attributable to:		
Owners of the parent	395,869	377,977
Non-controlling interests	1,374	2,649
Total comprehensive income	397,243	380,626

**Consolidated Statement of Changes in Equity**

For the Year Ended March 31, 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, 2021	40,000	17,422	1,201,573	(180,148)	8,987	3,548	187
Profit for the year			296,833				
Other comprehensive income						98,361	(134)
Comprehensive income for the year	-	-	296,833	-	-	98,361	(134)
Transfer from other components of equity to retained earnings			809				
Purchase of treasury stock		(64)		(124,503)			
Disposal of treasury stock		3,282		6,194	(9,072)		
Dividends			(34,316)				
Share-based payments					34,767		
Equity transactions with non-controlling interests							
Other			47				
Transactions with owners - total	-	3,218	(33,459)	(118,308)	25,694	-	-
Balance at March 31, 2022	40,000	20,640	1,464,947	(298,457)	34,682	101,909	52

	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	Other components of equity		
Balance at April 1, 2021	-	-	12,723	1,091,571	9,717	1,101,289	
Profit for the year			-	296,833	889	297,722	
Other comprehensive income	1,189	(380)	99,036	99,036	484	99,521	
Comprehensive income for the year	1,189	(380)	99,036	395,869	1,374	397,243	
Transfer from other components of equity to retained earnings	(1,189)	380	(809)	-	-	-	
Purchase of treasury stock			-	(124,568)		(124,568)	
Disposal of treasury stock			(9,072)	404		404	
Dividends			-	(34,316)	(501)	(34,817)	
Share-based payments			34,767	34,767		34,767	
Equity transactions with non-controlling interests			-	-	1,928	1,928	
Other			-	47		47	
Transactions with owners - total	(1,189)	380	24,885	(123,665)	1,427	(122,237)	
Balance at March 31, 2022	-	-	136,644	1,363,776	12,518	1,376,294	



For the Year Ended March 31, 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, 2022	40,000	20,640	1,464,947	(298,457)	34,682	101,909	52
Profit for the year			269,799				
Other comprehensive income						96,949	10
Comprehensive income for the year	-	-	269,799	-	-	96,949	10
Transfer from other components of equity to retained earnings			11,217				
Purchase of treasury stock		(281)		(152,065)			
Disposal of treasury stock		13,140		17,909	(31,458)		
Dividends			(34,614)				
Share-based payments					72,370		
Equity transactions with non-controlling interests		255					
Other							
Transactions with owners - total	-	13,114	(23,396)	(134,155)	40,912	-	-
Balance at March 31, 2023	40,000	33,754	1,711,350	(432,612)	75,595	198,859	63

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity		Total	Total	Total		
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined retirement benefit plans					
Balance at April 1, 2022	-	-	136,644	1,363,776	12,518	1,376,294	
Profit for the year			-	269,799	1,872	271,671	
Other comprehensive income	10,839	378	108,177	108,177	777	108,955	
Comprehensive income for the year	10,839	378	108,177	377,977	2,649	380,626	
Transfer from other components of equity to retained earnings	(10,839)	(378)	(11,217)	-		-	
Purchase of treasury stock			-	(152,347)		(152,347)	
Disposal of treasury stock			(31,458)	(407)		(407)	
Dividends			-	(34,614)	(828)	(35,443)	
Share-based payments			72,370	72,370		72,370	
Equity transactions with non-controlling interests			-	255	(399)	(144)	
Other			-	-		-	
Transactions with owners - total	(10,839)	(378)	29,695	(114,742)	(1,228)	(115,971)	
Balance at March 31, 2023	-	-	274,517	1,627,010	13,939	1,640,949	

**Consolidated Statement of Cash Flows**

(In millions of yen)	For the Year Ended March 31,	
	2022	2023
<b>Cash flows from operating activities</b>		
Profit before tax	382,749	367,767
Depreciation and amortization	123,169	122,044
Share-based payment expenses	32,446	72,706
Decrease (increase) in trade and other receivables	(75,034)	(43,117)
Increase (decrease) in trade and other payables	33,898	57,573
Other	67,175	(42,074)
Subtotal	564,404	534,901
Interest and dividends received	2,159	16,833
Interest paid	(3,732)	(4,091)
Income taxes paid	(123,221)	(109,450)
Net cash provided by operating activities	439,610	438,193
<b>Cash flows from investing activities</b>		
Payment for purchase of property and equipment	(13,133)	(22,025)
Payment for purchase of intangible assets	(51,252)	(54,731)
Proceeds from sales of investments in associates and joint ventures	-	39,531
Other	(6,351)	4,548
Net cash used in investing activities	(70,738)	(32,676)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(24,957)	(24,959)
Redemption of bonds	(30,000)	-
Repayments of lease liabilities	(42,956)	(45,318)
Payment for purchase of treasury stock	(124,568)	(152,454)
Dividends paid	(34,317)	(34,638)
Other	2,428	5,311
Net cash used in financing activities	(254,371)	(252,060)
Effect of exchange rate changes on cash and cash equivalents	54,007	54,362
Net increase (decrease) in cash and cash equivalents	168,508	207,818
Cash and cash equivalents at the beginning of the year	501,043	669,551
Cash and cash equivalents at the end of the year	669,551	877,370

**Going Concern Assumption**

Not applicable.

**Notes to Consolidated Financial Statements****1. Operating Segments****(1) Overview of Reportable Segments**

The Company's operating segments are components of the Company for which discrete financial information is available and whose operating results are reviewed regularly 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 FY2022, the Media & Solutions segment has changed its name to Matching & Solutions.

HR Technology consists of two operations, US and non-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 about 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, beginning FY2022, the Company changed its calculation method of segment profit (loss) and added 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 FY2021 has also been prepared using the calculation method after the change.

Revenue from external customers in Adjustments includes revenue that is not allocated to a specific reportable segment, and segment profit (loss) of Adjustments includes corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenues or transfers are calculated based on a price used in similar transactions with external customers. Segment assets and liabilities are not disclosed as they are not subject to review for deciding on the allocation of operating resources and assessing business performance.

For the Year Ended March 31, 2022

(In millions of yen)	Reportable Segment			Total	Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing			
<b>Revenue</b>						
Revenue from external customers	855,688	654,163	1,361,853	2,871,705	-	2,871,705
Intersegment revenues or transfers	5,711	4,453	16,639	26,804	(26,804)	-
<b>Total</b>	<b>861,400</b>	<b>658,616</b>	<b>1,378,492</b>	<b>2,898,510</b>	<b>(26,804)</b>	<b>2,871,705</b>
Segment profit (loss)	323,345	102,810	93,295	519,452	(7,635)	511,816
Depreciation and amortization (Note)						79,654
Share-based payment expenses						32,446
Other operating income						2,257
Other operating expenses						23,043
<b>Operating income</b>						<b>378,929</b>
Share of profit (loss) of associates and joint ventures						5,349
Finance income						2,796
Finance costs						4,326
<b>Profit before tax</b>						<b>382,749</b>

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

For the Year Ended March 31, 2023

(In millions of yen)	Reportable Segment			Total	Adjustments	Consolidated
	HR Technology	Matching & Solutions	Staffing			
<b>Revenue</b>						
Revenue from external customers	1,112,237	753,012	1,562,492	3,427,742	1,776	3,429,519
Intersegment revenues or transfers	3,921	7,674	22,782	34,378	(34,378)	-
<b>Total</b>	<b>1,116,159</b>	<b>760,687</b>	<b>1,585,274</b>	<b>3,462,121</b>	<b>(32,601)</b>	<b>3,429,519</b>
Segment profit (loss)	342,309	109,809	102,258	554,377	(9,334)	545,043
Depreciation and amortization (Note)						78,703
Share-based payment expenses						72,706
Other operating income						4,559
Other operating expenses						53,888
<b>Operating income</b>						<b>344,303</b>
Share of profit (loss) of associates and joint ventures						3,013
Finance income						25,385
Finance costs						4,936
<b>Profit before tax</b>						<b>367,767</b>

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

## 2. Per Share Information

(1) The amount of basic earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise stated)	For the Year Ended March 31,	
	2022	2023
Basic earnings per share (yen)	181.68	168.59
Basis for calculation:		
Profit attributable to owners of the parent	296,833	269,799
Amount not attributable to common shareholders of the parent	-	-
Profit used in the calculation of basic earnings per share	296,833	269,799
Weighted average number of shares of common stock outstanding (thousand shares)	1,633,830	1,600,299

(2) The amount of diluted earnings per share and the basis for its calculation are as follows:

(In millions of yen, unless otherwise stated)	For the Year Ended March 31,	
	2022	2023
Diluted earnings per share (yen)	180.83	167.44
Basis for calculation:		
Profit used in the calculation of diluted earnings per share		
Profit used in the calculation of basic earnings per share	296,833	269,799
Adjustment on profit	-	-
Profit used in the calculation of diluted earnings per share	296,833	269,799
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share		
Weighted average number of shares of common stock outstanding used in the calculation of basic earnings per share (thousand shares)	1,633,830	1,600,299
Effect of dilutive potential common stock (thousand shares)		
Stock options	1,172	838
Board Incentive Plan ("BIP") trust	1,570	1,848
Employee Stock Ownership Plan ("ESOP") trust	4,912	8,294
Weighted average number of shares of common stock outstanding used in the calculation of diluted earnings per share (thousand shares)	1,641,487	1,611,280

## 3. Significant Subsequent Events

Not applicable.