

February 15, 2021

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Nine Months Ended December 31, 2020 (IFRS, Unaudited)

Tokyo, February 15, 2021 — Recruit Holdings Co., Ltd. announced today its consolidated financial results for the nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020).

(Amounts are rounded down to the nearest million yen)

Consolidated Operating Results

(In millions of yen, unless otherwise stated)	Nine Months Ended December 31,		% change
	2019	2020	
Revenue	1,809,716	1,656,199	-8.5%
Adjusted EBITDA	269,893	210,941	-21.8%
Operating income	212,271	143,318	-32.5%
Profit before tax	229,704	146,828	-36.1%
Profit for the period	167,663	117,756	-29.8%
Profit attributable to owners of the parent	166,534	117,583	-29.4%
Profit available for dividends	159,532	114,394	-28.3%
Total comprehensive income	156,870	134,745	-14.1%
Basic EPS (yen)	99.98	71.31	-
Diluted EPS (yen)	99.80	71.20	-
Adjusted EPS (yen)	103.65	75.78	-26.9%

Note: Revenue for the nine months ended December 31, 2020 includes 60.1 billion yen from the Rent Assistance Program by The Small and Medium Enterprise Agency of the Ministry of Economy in Japan.

Consolidated Financial Position

(In millions of yen, unless otherwise stated)	As of March 31, 2020	As of December 31, 2020
Total assets	1,998,917	2,106,856
Total equity	995,743	1,069,283
Equity attributable to owners of the parent	988,449	1,059,796
Ratio of equity attributable to owners of the parent (%)	49.4%	50.3%

Dividends

(In yen)	FY2019	FY2020	FY2020 (Forecast)
At the end of Q1	-	-	-
At the end of Q2	15.00	9.50	-
At the end of Q3	-	-	-
At the end of Q4	15.00	-	9.50
Total	30.00	-	19.00

Consolidated Financial Guidance for FY2020

The Company has revised the guidance of key financial metrics for FY2020 as below:

(In millions of yen, unless otherwise stated)	FY2020 (Forecast)	Year on year % change
Revenue	2,224,621	-7.3%
Adjusted EBITDA	231,922	-28.7%
Operating income	151,229	-26.6%
Profit before tax	155,990	-31.0%
Profit for the period	123,620	-31.8%
Profit attributable to owners of the parent	123,533	-31.3%
Adjusted EPS (yen)	77.08	-36.3%

Please refer to page 11, Qualitative Information on Consolidated Financial Guidance for more details.

Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation

There was no change in specific subsidiaries accompanying a change in the scope of consolidation.

Changes in Accounting Policies and Changes in Accounting Estimates

There has been no change in: (1) accounting policies required by IFRS, (2) accounting policies other than the foregoing item (1), and (3) accounting estimates.

Number of Issued Shares - Common Stock

	As of March 31, 2020	As of December 31, 2020
Number of issued shares including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	47,574,459	51,945,731
	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Average number of shares during the period	1,665,612,449	1,648,788,817

Definition of the Abbreviation

Abbreviation	Definition
Recruit Holdings, the Holding Company	Recruit Holdings Co., Ltd. on a standalone basis
the Company, Recruit Group	Recruit Holdings Co., Ltd. and its consolidated subsidiaries
SBU	Strategic Business Unit
Q1	Three-month period from April 1 to June 30
Q2	Three-month period from July 1 to September 30
Q3	Three-month period from October 1 to December 31
Q4	Three-month period from January 1 to March 31
FY2020	Fiscal year from April 1, 2020 to March 31, 2021
FY2019	Fiscal year from April 1, 2019 to March 31, 2020

Definition of the Financial Measures

Financial Measures	Definition
Adjusted EBITDA	Operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses
Adjusted profit	Profit attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
Adjusted EPS	Adjusted profit / (number of issued shares at the end of the period - number of treasury stock at the end of the period)
Profit available for dividends	Profit attributable to owners of the parent ± non-recurring income/losses ± tax reconciliation related to certain non-recurring income/losses
Adjustment items	Amortization of intangible assets arising due to business combinations ± 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

Average exchange rate during the period

(In yen)	FY2019				FY2020		
	Q1	Q2 cumulative	Q3 cumulative	Q4 cumulative	Q1	Q2 cumulative	Q3 cumulative
US dollar	109.90	108.60	108.65	108.70	107.63	106.93	106.11
Euro	123.50	121.40	121.04	120.81	118.59	121.34	122.44
Australian dollar	76.95	75.24	74.91	74.11	70.74	73.32	74.35

The amount of exchange rate effects on revenue for Q3 FY2020 is calculated by deducting the amount of the six month period of FY2020 from the amount of the nine month period of FY2020.

Quarterly earnings releases are not subject to review by a certified public accountant nor an independent auditor.

Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions and outlook for the future and estimates based on information available to the Company and the Company's plans and expectations as of the date of this document or other date indicated. There can be no assurance that the relevant forecasts and other forward-looking statements will be achieved. Please note that significant differences between the forecasts and other forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and enterprise 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.

A full set of materials regarding Q3 FY2020 results announcement is posted on <https://recruit-holdings.com/ir/library/report/>

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1. Management's Discussion and Analysis

Consolidated Results of Operations

The Company's consolidated revenue for Q3 FY2020 was 611.5 billion yen, an increase of 0.5% year on year. Excluding revenue of 30.6 billion yen from the Rent Assistance Program by The Small and Medium Enterprise Agency of the Ministry of Economy in Japan ("Rent Assistance Program"), consolidated revenue for Q3 decreased 4.5% year on year. The global spread of COVID-19 and measures to help prevent the spread continued to have a broad impact on business performance, while the business environment gradually improved compared to Q2. Revenue of HR Technology increased year on year and revenue of Media & Solutions also increased year on year, but decreased when excluding the Rent Assistance Program. Revenue of Staffing decreased year on year. Excluding the negative impact of foreign exchange rate movements of 2.6 billion yen during the quarter, consolidated revenue increased 0.9% year on year. Consolidated revenue for the nine months ended December 31, 2020 was 1.65 trillion yen, a decrease of 8.5% year on year (excluding the negative impact of foreign exchange rate movements of 8.7 billion yen, a decrease of 8.0%).

Consolidated operating income for Q3 FY2020 was 68.5 billion yen, a decrease of 1.5% year on year. The Company focused on reducing selling, general and administrative expenses centered on advertising expenses, however a decrease in consolidated revenue, excluding the Rent Assistance Program, resulted in decreased operating income. Consolidated operating income for the nine month period was 143.3 billion yen, a decrease of 32.5% year on year.

Profit before tax for Q3 FY2020 was 68.3 billion yen, a decrease of 4.9% year on year. Profit for the period for Q3 FY2020 was 54.6 billion yen, an increase of 3.6% year on year. Profit attributable to owners of the parent for Q3 FY2020 was 55.0 billion yen, an increase of 5.1% year on year. For the nine month period, profit before tax was 146.8 billion yen, a decrease of 36.1%, profit for the period was 117.7 billion yen, a decrease of 29.8%, and profit attributable to owners of the parent was 117.5 billion yen, a decrease of 29.4%.

Consolidated adjusted EBITDA for Q3 FY2020 was 87.5 billion yen, a decrease of 5.0% year on year, and adjusted EBITDA margin for Q3 FY2020 was 14.3%. Although the business environment improved compared to Q2 FY2020, it continued to be challenging. As a result, the Company managed its operating expenses strategically and reduced selling, general and administrative expenses by 16.8 billion yen compared to Q3 FY2019. The year on year decrease in these expenses was driven mainly by reduced advertising expenses and promotion expenses, as well as lower sales commissions which are directly correlated to revenue. Consolidated adjusted EBITDA for the nine month period was 210.9 billion yen, a decrease of 21.8% year on year, and adjusted EBITDA margin was 12.7%.

Adjusted EPS for Q3 FY2020 was 33.95 yen, a decrease of 4.9% year on year. Quarterly profit available for dividends was 52.3 billion yen, a decrease of 2.7% year on year. For the nine month period, adjusted EPS was 75.78 yen, a decrease of 26.9% year on year, and profit available for dividends was 114.3 billion yen, a decrease of 28.3%.

Research and development expenses in Q3 FY2020 and for the nine month period were 18.1 billion yen and 52.2 billion yen, respectively.

(In billions of yen, unless otherwise stated)	Three Months Ended December 31,		% change	Nine Months Ended December 31,		% change
	2019	2020		2019	2020	
Consolidated operating results						
Revenue	608.5	611.5	0.5%	1,809.7	1,656.1	-8.5%
Operating income	69.6	68.5	-1.5%	212.2	143.3	-32.5%
Profit before tax	71.8	68.3	-4.9%	229.7	146.8	-36.1%
Profit for the period	52.7	54.6	3.6%	167.6	117.7	-29.8%
Profit attributable to owners of the parent	52.3	55.0	5.1%	166.5	117.5	-29.4%
Management Key Performance Indicators						
Adjusted EBITDA	92.1	87.5	-5.0%	269.8	210.9	-21.8%
Adjusted EBITDA margin	15.1%	14.3%	-	14.9%	12.7%	-
Adjusted EPS (yen)	35.69	33.95	-4.9%	103.65	75.78	-26.9%

Note: Revenue for the three months and nine months ended December 31, 2020 includes 30.6 billion yen and 60.1 billion yen respectively from the Rent Assistance Program.

Results of Operations by Segment

HR Technology

Revenue for Q3 FY2020 was 114.5 billion yen, an increase of 4.6% year on year. On a US dollar basis, reported revenue increased 8.8%¹ for Q3 FY2020 primarily driven by increased demand year on year for sponsored job advertising as hiring activity continued to improve during the quarter. However, certain industries remain severely impacted and the overall labor market has not broadly recovered from the effects of COVID-19.

During the third quarter restrictions and measures put in place to limit the spread of COVID-19 remained in effect or were reimposed in certain markets. However, many businesses reopened, new businesses were created, and others expanded their operations to meet shifts in customer demand. This supported a continued rebound of recruiting and hiring activity and improving revenue trends,

particularly in the US. Job seeker activity in Q3 on Indeed and Glassdoor compared to the prior year was dampened by new COVID-19 related restrictions in certain countries and the continued uncertain economic environment.

Segment adjusted EBITDA for Q3 FY2020 increased by 40.0% year on year to 26.7 billion yen, primarily driven by an increase in revenue. Increased investments in product and technology initiatives were offset by decreased sales, marketing and administrative costs. Adjusted EBITDA margin was 23.4% for Q3 FY2020, an increase from 17.5% for Q3 FY2019.

As revenue trends improved, HR Technology increased marketing investments compared to Q2 FY2020, and continued to hire engineers and technical employees to drive product enhancements in support of HR Technology's goal to improve the job seeker experience, dramatically simplify recruiting processes, and significantly reduce the cost and time to hire for employers.

For the nine month period, revenue was 292.1 billion yen, a decrease of 8.3% year on year, adjusted EBITDA was 49.3 billion yen, a decrease of 21.4% year on year, and adjusted EBITDA margin was 16.9%.

(In billions of yen, unless otherwise stated)	Three Months Ended December 31,		% change	Nine Months Ended December 31,		% change
	2019	2020		2019	2020	
Revenue	109.5	114.5	4.6%	318.5	292.1	-8.3%
Adjusted EBITDA	19.1	26.7	40.0%	62.8	49.3	-21.4%
Adjusted EBITDA margin	17.5%	23.4%	-	19.7%	16.9%	-
Revenue in million US dollars ¹	\$1,007	\$1,095	8.8%	\$2,932	\$2,758	-5.9%

Note1: The US dollar based revenue reporting represents the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.

Note2: Indeed and Glassdoor product availability varies by country.

Media & Solutions

Revenue for Q3 FY2020 was 186.8 billion yen, an increase of 1.1% year on year. Excluding revenue of 30.6 billion yen from the Rent Assistance Program, revenue for Q3 FY2020 decreased by 15.5% year on year primarily driven by HR Solutions. Revenue in Media & Solutions, excluding the Rent Assistance Program, continued to slowly recover in Q3 FY2020 extending the gradual recovery experienced in Q2 from the lows of Q1 FY2020.

Adjusted EBITDA for Q3 FY2020 was 37.8 billion yen, a decrease of 25.2% year on year, mainly due to the decline in HR Solutions. Adjusted EBITDA margin was 20.2%.

For the nine month period, revenue was 492.6 billion yen, a decrease of 12.5% year on year, adjusted EBITDA was 99.5 billion yen, a decrease of 33.1% year on year, and adjusted EBITDA margin was 20.2%.

(In billions of yen)	Three Months Ended December 31,		% change	Nine Months Ended December 31,		% change
	2019	2020		2019	2020	
Revenue						
Marketing Solutions	109.1	134.0	22.8%	325.5	334.9	2.9%
HR Solutions	74.6	52.1	-30.1%	234.9	155.8	-33.7%
Eliminations and Adjustments	1.0	0.5	-43.5%	2.5	1.8	-25.7%
Total	184.8	186.8	1.1%	563.0	492.6	-12.5%
Adjusted EBITDA						
Marketing Solutions	35.2	35.6	1.1%	97.3	83.6	-14.1%
HR Solutions	19.7	8.3	-57.7%	64.6	32.1	-50.3%
Eliminations and Adjustments	(4.4)	(6.1)	-	(13.3)	(16.2)	-
Total	50.5	37.8	-25.2%	148.6	99.5	-33.1%
Adjusted EBITDA margin						
Marketing Solutions	32.3%	26.6%	-	29.9%	25.0%	-
HR Solutions	26.4%	16.0%	-	27.5%	20.6%	-
Media & Solutions	27.4%	20.2%	-	26.4%	20.2%	-

Note: Revenue in Media & Solutions and in Marketing Solutions for the three months and nine months ended December 31, 2020 includes 30.6 billion yen and 60.1 billion yen respectively from the Rent Assistance Program.

Marketing Solutions

Revenue in Marketing Solutions was 134.0 billion yen, an increase of 22.8% year on year. Revenue excluding the Rent Assistance Program was 103.4 billion yen, a decrease of 5.2% year on year.

Revenue in Housing & Real Estate increased 5.2%. The increase in revenue in Housing & Real Estate was driven by a growing interest in the residential living environment as individuals continue to spend more time at home, resulting in increased demand for advertising for newly built and existing homes, as well as rental properties.

In Beauty, revenue increased by 2.7% year on year as demand for advertisements recovered due to continued user demand for beauty salon based activities and the acquisition of new business clients. The number of online reservations during Q3 FY2020 on Hot Pepper Beauty was 30.49 million, an increase of 5.6% year on year. For the nine month period, the number of online reservations on Hot Pepper Beauty was 81.91 million, a decrease of 4.9% year on year.

In Bridal, a continued lack of demand for wedding ceremonies and a decrease in business clients' advertising resulted in a decrease in Q3 FY2020 revenue of 39.8% year on year.

In Travel, benefitting from the Go To Travel campaign initiated by the Japanese government, revenue in Q3 FY2020 increased 13.9% year on year as a result of increases in both the number of hotel guests booked and prices per night.

In Dining, notwithstanding the temporary positive impacts of the Go To Eat campaign, the reduced demand for dining out and reduced number of tables per establishment continued to severely affect business clients. As a result, advertising demand declined resulting in a 48.5% decrease in revenue year on year in Q3 FY2020. The number of seats reserved online on Hot Pepper Gourmet increased significantly during the Go To Eat campaign, with 40.42 million seats reserved online during Q3 FY2020, an increase of 32.3% year on year. However, the increased number of bookings through the campaign had a limited positive impact on revenue due to our advertising-based revenue model. For the nine month period the cumulative number of seats reserved online was 51.35 million, a decrease of 29.6% year on year.

The number of AirPAY accounts, a SaaS solution for accepting cashless payments, continued to grow steadily, as individual users' preference for contactless payments continued to grow in response to the spread of COVID-19. The number of AirPAY accounts was approximately 187,000, an increase of 42.6% year on year, at the end of December 2020. Of the AirPAY registered accounts¹ as of December 31, 2020, approximately 124,000 accounts also subscribed to other Air BusinessTools solutions. The number of paid users for Study Sapuri, an online learning platform for students and adults, was 1.57 million as of December 31, 2020, up 106.4% year on year. This growth was driven by the promotion of Information and Communications Technology (ICT) utilization in schools, a part of the Global and Innovation Gateway for All School Program (GIGA) initiated by the Ministry of Education, Culture, Sports, Science and Technology in Japan. Revenue from these services, other miscellaneous services, and revenue of 30.6 billion yen from the Rent Assistance Program are included in Others.

Adjusted EBITDA in Marketing Solutions was 35.6 billion yen, an increase of 1.1% year on year. Marketing Solutions continued to manage its operating expenses strategically and flexibly, such as reducing advertising expenses, while targeting marketing investments to businesses where revenue is recovering, and as a result, adjusted EBITDA margin was 26.6%.

For the nine month period, revenue was 334.9 billion yen, an increase of 2.9% year on year, adjusted EBITDA was 83.6 billion yen, a decrease of 14.1% year on year, and adjusted EBITDA margin was 25.0%.

Note: Registered accounts refer to the number of stores and business locations that have registered for the relevant service (including both active and non-active accounts)

(In billions of yen)	Three Months		% change	Nine Months		% change
	Ended December 31,			Ended December 31,		
Marketing Solutions	2019	2020		2019	2020	
Revenue						
Housing & Real Estate	28.4	29.8	5.2%	82.7	84.1	1.7%
Beauty	20.7	21.3	2.7%	60.4	59.4	-1.6%
Bridal	13.3	8.0	-39.8%	39.8	22.4	-43.6%
Travel	17.7	20.1	13.9%	56.5	41.9	-25.8%
Dining	10.4	5.4	-48.5%	29.3	10.3	-64.9%
Others	18.4	49.2	167.3%	56.5	116.6	106.2%
Total	109.1	134.0	22.8%	325.5	334.9	2.9%
Adjusted EBITDA	35.2	35.6	1.1%	97.3	83.6	-14.1%
Adjusted EBITDA margin	32.3%	26.6%	-	29.9%	25.0%	-

Note: Revenue in Marketing Solutions and in Others for the three months and nine months ended December 31, 2020 includes 30.6 billion yen and 60.1 billion yen respectively from the Rent Assistance Program.

HR Solutions

Revenue in HR Solutions was 52.1 billion yen, a decrease of 30.1% year on year. Reduced hiring demand from business clients in response to the spread of COVID-19 continued, resulting in lower revenue year on year while the year on year revenue growth rate improved compared to Q2 FY2020.

In particular for the part-time job boards operated in HR Solutions, revenue declined year on year, as it had in Q2, while showing signs of a gradual recovery.

The placement business operates on a pay-per-hire model in which revenue is recorded when a candidate is hired by a business client. As a result, revenue from the placement business in Q3 FY2020 declined year on year due to reduced hiring demand in the first half of FY2020.

Adjusted EBITDA in HR Solutions was 8.3 billion yen, a decrease of 57.7% year on year primarily due to lower revenue, and adjusted EBITDA margin was 16.0%. HR Solutions continued reducing operating costs while partially resuming marketing investments in an attempt to capture hiring demand during an anticipated period of recovery.

For the nine month period, revenue was 155.8 billion yen, a decrease of 33.7% year on year, adjusted EBITDA was 32.1 billion yen, a decrease of 50.3% year on year, and adjusted EBITDA margin was 20.6%.

(In billions of yen)	Three Months		% change	Nine Months		% change
	Ended December 31,			Ended December 31,		
HR Solutions	2019	2020		2019	2020	
Revenue						
Recruiting in Japan	65.8	45.1	-31.5%	207.8	136.2	-34.5%
Others	8.7	6.9	-19.9%	27.1	19.6	-27.8%
Total	74.6	52.1	-30.1%	234.9	155.8	-33.7%
Adjusted EBITDA	19.7	8.3	-57.7%	64.6	32.1	-50.3%
Adjusted EBITDA margin	26.4%	16.0%	-	27.5%	20.6%	-

Staffing

Revenue for Q3 FY2020 was 316.6 billion yen, a decrease of 1.2% year on year. Excluding the positive impact of foreign exchange rate movements of 1.7 billion yen, revenue decreased 1.7% year on year. Revenue for the nine month period was 889.4 billion yen, a decrease of 6.4% year on year. Excluding the negative impact of foreign exchange rate movements of 1.3 billion yen, revenue decreased 6.3% year on year.

For Japan operations, the number of temporary staff in Q3 decreased year on year due to persistently lower demand for new orders amid the economic uncertainty caused by the spread of COVID-19, while the number of business days in the quarter was unchanged year on year. These factors were partially offset by an increase in billing prices following the implementation of the "equal pay for equal work" regulations from April 1, 2020. Revenue for Q3 FY2020 was 142.7 billion yen, a decrease of 2.6% year on year, and revenue for the nine month period was 427.4 billion yen, an increase of 0.8% year on year.

For Overseas operations, despite continued restrictions on some business clients' operations in order to mitigate the spread of COVID-19, revenue showed a gradual recovery trend in Q3, supported by strong revenue growth in certain industries. As a result of these conditions, as well as the positive impact of foreign exchange rate movements, revenue for Q3 FY2020 was 173.9 billion yen, an increase of 0.1% year on year. Excluding the positive impact of foreign exchange rate movements of 1.7 billion yen, revenue in Overseas operations decreased 1.0% year on year. Revenue for the nine month period was 462.0 billion yen, a decrease of 12.2% year on year. Excluding the negative impact of foreign exchange rate movements of 1.3 billion yen, revenue decreased 12.0% year on year.

Adjusted EBITDA for Q3 FY2020 was 24.8 billion yen, an increase of 3.0% year on year, and adjusted EBITDA margin was 7.8%. Adjusted EBITDA for the nine month period was 67.1 billion yen, an increase of 3.2% year on year, and adjusted EBITDA margin was 7.6%.

Adjusted EBITDA for Japan operations for Q3 FY2020 was 14.1 billion yen, an increase of 3.3%. While continuing to monitor costs in relation to labor market supply and demand, this improvement was mainly due to ongoing cost control measures. Adjusted EBITDA margin was 9.9% in Q3 FY2020. Adjusted EBITDA for the nine month period was 44.9 billion yen, an increase of 21.9% year on year, and adjusted EBITDA margin was 10.5%.

Adjusted EBITDA for Overseas operations for Q3 FY2020 was 10.6 billion yen, an increase of 2.5% year on year, and adjusted EBITDA margin was 6.1%. Even in an uncertain global economic environment, Overseas operations maintained a positive adjusted EBITDA margin by taking prompt and appropriate actions in response to labor market trends and government programs in each overseas market, and through ongoing cost control initiatives. Adjusted EBITDA for the nine month period was 22.1 billion yen, a decrease of 21.2% year on year, and adjusted EBITDA margin was 4.8%.

(In billions of yen)	Three Months Ended December 31,		% change	Nine Months Ended December 31,		% change
	2019	2020		2019	2020	
Revenue						
Japan	146.5	142.7	-2.6%	424.1	427.4	0.8%
Overseas	173.7	173.9	0.1%	526.3	462.0	-12.2%
Total	320.3	316.6	-1.2%	950.4	889.4	-6.4%
Adjusted EBITDA						
Japan	13.6	14.1	3.3%	36.9	44.9	21.9%
Overseas	10.4	10.6	2.5%	28.1	22.1	-21.2%
Total	24.1	24.8	3.0%	65.0	67.1	3.2%
Adjusted EBITDA margin						
Japan	9.3%	9.9%	-	8.7%	10.5%	-
Overseas	6.0%	6.1%	-	5.4%	4.8%	-
Staffing	7.5%	7.8%	-	6.8%	7.6%	-

Management Actions for Q3 FY2020

The Company's Response to the Spread of COVID-19

Amidst the spread of COVID-19, the Company has continued to prioritize the health and safety of its employees, their families, and their communities. The Company has also focused on supporting individual users, business clients, and business partners, and operates its businesses while implementing measures to help prevent the spread of COVID-19. In addition, each SBU has leveraged new and existing tools to continue to support all of their stakeholders facing new and unique challenges during this period. Please find more information regarding the Company's response to COVID-19 on the website below:

<https://recruit-holdings.com/newsroom/covid19.html>

Secondary Offering of Shares in the International Markets

The Company announced on November 30, 2020 that its Board of Directors resolved to conduct a secondary offering of 94,722,500 shares of common stock of the Company (approximately 5.59% of total shares outstanding as of November 30, 2020, including the over-allotment options which were fully exercised) in the international markets. The offering price was set at 3,947 yen per share and the settlement, including the over-allotment options, was completed as of December 25, 2020. The Offering was aimed at facilitating the sale of shares in a coordinated manner that addressed the concern in the capital markets regarding the impact on its stock price from potential uncoordinated sales of its shares by its shareholders.

For related information, please refer to the following releases:

"Announcement of Secondary Offering of Shares in the International Markets" released on November 30, 2020:

https://recruit-holdings.com/ir/ir_news/2020/20201130_01.html

"Announcement of Determination of Offering Price and Other Matters" released on December 2, 2020:

https://recruit-holdings.com/ir/ir_news/2020/20201202_01.html

Implementation of Share Repurchase Program

The Company announced on November 30, 2020 its decision to conduct share repurchases (the "Share Repurchases") in line with the Company's capital allocation policy including shareholder returns, and upon consideration of multiple factors including the Company's capacity to pursue investments, the capital market environment, and the outlook for its financial position. Based on the comprehensive assessment of these factors, as well as the balance of supply and demand of its stock in the aftermarket following the secondary offering in the international markets announced on November 30, 2020, the Company decided to pursue these Share Repurchases as a way to enhance shareholder value.

The total number of shares to be repurchased is 20,000,000 shares (maximum) (up to 1.21% of total number of shares issued and outstanding (excludes treasury stock) as of September 30, 2020), and the total purchase price is 70.0 billion yen (maximum). The period for the Share Repurchases is from December 7, 2020 to February 26, 2021, and they will be conducted as open market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with investment discretion. As of January 31, 2021, 10,890,000 shares have been repurchased at the total price of 46,969,027,187 yen.

For related information, please refer to the following releases:

"Announcement of Share Repurchases" released on November 30, 2020:

https://recruit-holdings.com/ir/ir_news/2020/20201130_02.html

“Announcement of Share Repurchases (Update of Disclosure)” released on December 2, 2020:
https://recruit-holdings.com/ir/ir_news/2020/20201202_02.html

“Notification of Status of Share Repurchases” released on January 8, 2021:
https://recruit-holdings.com/ir/ir_news/2021/20210108_01.html

“Notification of Status of Share Repurchases” released on February 5, 2021:
https://recruit-holdings.com/ir/ir_news/2021/20210205_01.html

Analysis of Consolidated Financial Position

As of the end of Q3 FY2020, cash and cash equivalents and interest-bearing debt which includes bonds and borrowings, excluding lease liabilities, on a consolidated basis were 453.9 billion yen and 122.2 billion yen, respectively. Net cash, the amount calculated by subtracting interest-bearing debt from cash and cash equivalents, was 331.6 billion yen, an increase of 47.1 billion yen compared to the end of FY2019.

Total current assets as of December 31, 2020 increased by 90.7 billion yen from the end of FY2019. This was mainly due to an increase in accounts receivable related to the Go To Travel campaign and a temporary increase in cash and cash equivalents related to the Rent Assistance Program in Japan. Total non-current assets increased by 17.2 billion yen from the end of FY2019. This was due to an increase in investment securities of 42.1 billion yen through an increase in the market value and the additional acquisition, and a decrease in right-of-use-assets of 22.0 billion yen mainly by depreciation.

Total current liabilities as of December 31, 2020 increased by 40.7 billion yen from the end of FY2019. This was mainly due to an increase of deposits of 23.5 billion yen related to the Rent Assistance Program.

The maximum amount of borrowings under overdraft agreements was 113.0 billion yen as of December 31, 2020, and the entire amount remained unused. In addition, committed credit facilities with a total maximum borrowing amount of 399.9 billion yen, for which the Company entered into an agreement on April 30, 2020, remained unused as of December 31, 2020.

Also, the Company has registered a maximum 200.0 billion yen worth of corporate bonds for potential issuances, the full amount of which was unissued as of December 31, 2020.

(In billions of yen)	As of March 31, 2020	As of December 31, 2020	Variance
Assets			
Total current assets	829.9	920.6	90.7
Total non-current assets	1,168.9	1,186.1	17.2
Total assets	1,998.9	2,106.8	107.9
Liabilities			
Total current liabilities	511.7	552.4	40.7
Total non-current liabilities	491.4	485.1	(6.3)
Total liabilities	1,003.1	1,037.5	34.3
Equity			
Total equity attributable to owners of the parent	988.4	1,059.7	71.3
Non-controlling interests	7.2	9.4	2.1
Total equity	995.7	1,069.2	73.5

Analysis of Consolidated Cash Flows

Cash and cash equivalents as of December 31, 2020 were 453.9 billion yen, an increase of 32.6 billion yen from the end of FY2019, since cash inflows from operating activities exceeded cash outflows of investing and financing activities.

Net cash provided by operating activities was 198.2 billion yen, a decrease of 28.8 billion yen year on year. This was primarily due to a decrease in profit before tax of 82.8 billion yen while deposits related to the Rent Assistance Program increased.

Net cash used in investing activities was 48.3 billion yen, a decrease of 21.5 billion yen year on year. This was primarily attributable to payments for the purchase of intangible assets such as software.

Net cash used in financing activities was 100.2 billion yen, a decrease of 65.2 billion yen year on year. This was primarily attributable to payments for the acquisition of treasury stock in Q3 FY2019.

(In billions of yen)	Nine Months Ended December 31,		Variance
	2019	2020	
Net cash flows from operating activities	227.0	198.2	(28.8)
Net cash flows from investing activities	(69.8)	(48.3)	21.5
Net cash flows from financing activities	(165.4)	(100.2)	65.2
Effect of exchange rate changes on cash and cash equivalents	(2.0)	(17.0)	(15.0)
Net increase (decrease) in cash and cash equivalents	(10.2)	32.6	42.9
Cash and cash equivalents at the beginning of the period	402.9	421.2	18.3
Cash and cash equivalents at the end of the period	392.6	453.9	61.2

2. Qualitative Information on Consolidated Financial Guidance

The global spread of COVID-19 and restrictions implemented by governments in many countries may continue to impact most of the Company's business. The Company expects the global HR Matching market's recovery and stabilization will be gradual, despite the recent strength in recruiting demand in some industries. In addition, the Company's business environment continues to evolve rapidly as restrictions in some countries and regions have been relaxed or reintroduced. Therefore the Company's outlook remains cautious.

The Company has determined it is appropriate to revise the consolidated financial guidance for FY2020 in order to reflect the results of Q3 FY2020, and its revised outlook for Q4 FY2020. Previous guidance was based on the assumption that the business environment would not deteriorate significantly compared to Q2 FY2020 during the remainder of the fiscal year. However, despite the gradual recovery in Q3 FY2020, the Company expects a challenging business environment in Q4 FY2020, mainly due to the state of emergency in Japan which is applied to Tokyo and 10 other prefectures in January 2021, as well as certain restrictions and lockdowns in the US and Europe being reinforced from the latter half of Q3 FY2020. The Company has also revised its outlook for each SBU (Strategic Business Unit) and updated its outlook for other operating income and expenses. Please refer to the following for the details.

Consolidated Financial Guidance:

- Consolidated revenue for the six months ending March 31, 2021 is expected to be approximately 1.18 trillion yen, and is expected to be approximately 2.22 trillion yen for FY2020.
- Consolidated adjusted EBITDA for the six months ending March 31, 2021 is expected to be approximately 108.5 billion yen, and is expected to be approximately 231.9 billion yen for FY2020.
- Adjusted EPS for FY2020 is expected to be approximately 77.08 yen, assuming the amount of depreciation and amortization and other adjustment items for the six months ending March 31, 2021 to be similar to those for the six months ended September 30, 2020. Adjusted EBITDA and adjusted EPS are the Company's target management key performance indicators.

Assumptions of the foreign exchange rates for the consolidated financial guidance for FY2020 are as follows: 107 yen per US dollar, 121 yen per Euro, 74 yen per Australian dollar.

SBU Financial Guidance:

- HR Technology's revenue, on a US dollar basis, for the six months ending March 31, 2021 is expected to increase approximately 11% year on year. HR Technology expects the rebound in recruiting and hiring activity and improving revenue trends seen in Q3 to continue in Q4, assuming the business environment does not deteriorate significantly. Adjusted EBITDA margin for the six months ending March 31, 2021 for HR Technology is expected to be in the high-teens. In order to continue to improve its revenue trend globally in the short-term and to accelerate revenue growth in the mid-term, HR Technology plans to invest in sales and marketing activities to acquire new users and clients, and in product enhancements to increase user and client engagement.
- In Media & Solutions, revenue for Marketing Solutions, excluding the Rent Assistance Program, for the six months ending March 31, 2021, is expected to decrease approximately 11% year on year. Including the Rent Assistance Program, revenue for the same period is expected to increase approximately 12% year on year.

For Q4, Beauty is expected to have continued stable performance, while revenue of Travel is expected to decrease year on year due to the suspension of the Go To Travel campaign. The challenging business environment is expected to continue for Bridal and Dining. Housing & Real Estate has performed steadily in Q2 and Q3, however its performance is expected to be weaker in Q4 as the number of properties which are available for sale has been decreasing.

Revenue for HR Solutions for the six months ending March 31, 2021 is expected to decrease approximately 28% year on year. The part-time job boards have seen recent signs of recovery, however hiring demand is expected to be negatively impacted, especially in the dining industry, by the state of emergency in Japan. The placement service also has seen recent signs of gradual recovery but

due to its pay-per-hire model, revenue from recovered demand will be recognized sometime in next fiscal year.

Adjusted EBITDA margin for the six months ending March 31, 2021 for Media & Solutions is expected to be approximately 12%. Media & Solutions expects to continue reducing operating expenses such as advertising, while resuming strategic marketing investments targeted at the anticipated period of recovery.

Revenue from the Rent Assistance Program, which is recorded in Others under Marketing Solutions in Media & Solutions for FY2020 is expected to be 93.2 billion yen including tax. However, the total revenue recorded in FY2020 may be lower depending on the number of applicants and recipients of the program.

- In Staffing, revenue for Japan operations for the six months ending March 31, 2021 is expected to decrease approximately 2.5% year on year mainly due to weak demand for new orders, and revenue for Overseas operations for the same period is expected to decrease approximately 1.5% year on year. Adjusted EBITDA margin for the six months ending March 31, 2021 for Staffing is expected to be approximately 5% primarily due to the expected decline in revenue, the expenses to improve remote work environments and an increase in advertising expenses to attract temporary staff and business clients mainly in Japan, partially offset by continued cost control measures.

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

Condensed Quarterly Consolidated Statements of Financial Position

(In millions of yen)	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	421,253	453,925
Trade and other receivables	327,614	309,908
Other financial assets	40,119	95,178
Other assets	40,991	61,675
Total current assets	829,979	920,687
Non-current assets		
Property and equipment	92,200	88,586
Right-of-use assets	258,230	236,182
Goodwill	383,163	381,581
Intangible assets	216,388	205,657
Investments in associates and joint ventures	64,614	68,655
Other financial assets	120,656	160,863
Deferred tax assets	27,931	39,269
Other assets	5,752	5,372
Total non-current assets	1,168,938	1,186,169
Total assets	1,998,917	2,106,856

(In millions of yen)	As of March 31, 2020	As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	219,021	226,168
Bonds and borrowings	24,551	23,710
Lease liabilities	31,459	32,516
Other financial liabilities	816	1,713
Income tax payables	16,850	23,169
Provisions	5,810	6,337
Other liabilities	213,223	238,842
Total current liabilities	511,733	552,460
Non-current liabilities		
Bonds and borrowings	112,148	98,530
Lease liabilities	240,254	221,243
Other financial liabilities	2,043	2,535
Provisions	9,489	10,041
Net liability for retirement benefits	53,459	55,776
Deferred tax liabilities	52,912	61,929
Other liabilities	21,132	35,054
Total non-current liabilities	491,440	485,113
Total liabilities	1,003,174	1,037,573
Equity		
Equity attributable to owners of the parent		
Common stock	40,000	40,000
Share premium	18,904	17,526
Retained earnings	1,067,492	1,170,825
Treasury stock	(113,244)	(133,669)
Other components of equity	(24,702)	(34,885)
Total equity attributable to owners of the parent	988,449	1,059,796
Non-controlling interests	7,293	9,487
Total equity	995,743	1,069,283
Total liabilities and equity	1,998,917	2,106,856

Condensed Quarterly Consolidated Statements of Profit or Loss

For the Nine-Month Period

(In millions of yen, unless otherwise stated)	Nine Months Ended December 31,	
	2019	2020
Revenue	1,809,716	1,656,199
Cost of sales	839,286	830,539
Gross profit	970,429	825,660
Selling, general and administrative expenses	756,829	674,108
Other operating income	5,605	10,847
Other operating expenses	6,933	19,080
Operating income	212,271	143,318
Share of profit (loss) of associates and joint ventures	2,146	4,168
Gain (loss) on change in ownership interests in associates	12,099	271
Finance income	5,534	1,917
Finance costs	2,348	2,847
Profit before tax	229,704	146,828
Income tax expense	62,040	29,071
Profit for the period	167,663	117,756
Profit attributable to:		
Owners of the parent	166,534	117,583
Non-controlling interests	1,129	173
Profit for the period	167,663	117,756
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	99.98	71.31
Diluted earnings per share (yen)	99.80	71.20

For the Three-Month Period

(In millions of yen, unless otherwise stated)	Three Months Ended December 31,	
	2019	2020
Revenue	608,514	611,578
Cost of sales	279,700	304,930
Gross profit	328,814	306,647
Selling, general and administrative expenses	255,718	238,861
Other operating income	286	3,723
Other operating expenses	3,770	2,921
Operating income	69,611	68,588
Share of profit (loss) of associates and joint ventures	1,922	1,102
Gain (loss) on change in ownership interests in associates	(147)	145
Finance income	1,352	575
Finance costs	869	2,074
Profit before tax	71,869	68,337
Income tax expense	19,151	13,701
Profit for the period	52,717	54,635
Profit attributable to:		
Owners of the parent	52,385	55,049
Non-controlling interests	331	(413)
Profit for the period	52,717	54,635
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	31.65	33.39
Diluted earnings per share (yen)	31.59	33.34

Condensed Quarterly Consolidated Statements of Comprehensive Income

For the Nine-Month Period

(In millions of yen)	Nine Months Ended December 31,	
	2019	2020
Profit for the period	167,663	117,756
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	1,657	25,992
Remeasurements of defined retirement benefit plans	(84)	18
Share of other comprehensive income of associates and joint ventures	(95)	306
Subtotal	1,477	26,318
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(12,397)	(9,310)
Effective portion of changes in fair value of cash flow hedges	125	(19)
Subtotal	(12,271)	(9,330)
Other comprehensive income (loss) for the period, net of tax	(10,793)	16,988
Comprehensive income for the period	156,870	134,745
Comprehensive income attributable to:		
Owners of the parent	155,773	134,735
Non-controlling interests	1,097	9
Total comprehensive income	156,870	134,745

For the Three-Month Period

(In millions of yen)	Three Months Ended December 31,	
	2019	2020
Profit for the period	52,717	54,635
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	6,854	244
Remeasurements of defined retirement benefit plans	(84)	18
Share of other comprehensive income of associates and joint ventures	(50)	(9)
Subtotal	6,719	253
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	13,944	(4,464)
Effective portion of changes in fair value of cash flow hedges	425	56
Subtotal	14,370	(4,407)
Other comprehensive income (loss) for the period, net of tax	21,089	(4,153)
Comprehensive income for the period	73,806	50,481
Comprehensive income attributable to:		
Owners of the parent	73,421	50,972
Non-controlling interests	385	(490)
Total comprehensive income	73,806	50,481

Condensed Quarterly Consolidated Statements of Changes in Equity

For the Nine Months Ended December 31, 2019

	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, 2019	10,000	49,136	942,449	(32,378)	4,132	(8,198)	635
Profit for the period			166,534				
Other comprehensive income						(12,364)	125
Comprehensive income for the period	-	-	166,534	-	-	(12,364)	125
Transfer from share premium to common stock	30,000	(30,000)					
Transfer from other components of equity to retained earnings			1,477				
Purchase of treasury stock		(219)		(79,999)			
Disposal of treasury stock		(2)		248	(16)		
Dividends			(49,269)				
Share-based payments					853		
Equity transactions with non-controlling interests							
Other		(9)	(65)				
Transactions with owners - total	30,000	(30,231)	(47,858)	(79,750)	837	-	-
Balance at December 31, 2019	40,000	18,904	1,061,125	(112,129)	4,969	(20,563)	760

	Equity attributable to owners of the parent			Other components of equity		
	Net change in financial assets measured at fair value through other comprehensive income	Remeasurements of defined retirement benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2019	-	-	(3,431)	965,775	6,475	972,251
Profit for the period			-	166,534	1,129	167,663
Other comprehensive income	1,561	(84)	(10,761)	(10,761)	(32)	(10,793)
Comprehensive income for the period	1,561	(84)	(10,761)	155,773	1,097	156,870
Transfer from share premium to common stock			-	-		-
Transfer from other components of equity to retained earnings	(1,561)	84	(1,477)	-		-
Purchase of treasury stock			-	(80,219)		(80,219)
Disposal of treasury stock			(16)	229		229
Dividends			-	(49,269)		(49,269)
Share-based payments			853	853		853
Equity transactions with non-controlling interests			-	-	(0)	(0)
Other			-	(74)	37	(36)
Transactions with owners - total	(1,561)	84	(640)	(128,481)	37	(128,444)
Balance at December 31, 2019	-	-	(14,832)	993,067	7,609	1,000,677

For the Nine Months Ended December 31, 2020

	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, 2020	40,000	18,904	1,067,492	(113,244)	5,584	(30,557)	271
Profit for the period			117,583				
Other comprehensive income						(9,146)	(19)
Comprehensive income for the period	-	-	117,583	-	-	(9,146)	(19)
Transfer from other components of equity to retained earnings			26,318				
Purchase of treasury stock		(27)		(23,986)			
Disposal of treasury stock		(1,226)		3,561	(2,224)		
Dividends			(40,394)				
Share-based payments					1,207		
Equity transactions with non-controlling interests							
Other		(123)	(174)				
Transactions with owners - total	-	(1,377)	(14,250)	(20,424)	(1,017)	-	-
Balance at December 31, 2020	40,000	17,526	1,170,825	(133,669)	4,566	(39,704)	252

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		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, 2020	-	-	(24,702)	988,449	7,293	995,743
Profit for the period			-	117,583	173	117,756
Other comprehensive income	26,299	18	17,152	17,152	(164)	16,988
Comprehensive income for the period	26,299	18	17,152	134,735	9	134,745
Transfer from other components of equity to retained earnings	(26,299)	(18)	(26,318)	-		-
Purchase of treasury stock			-	(24,014)		(24,014)
Disposal of treasury stock			(2,224)	109		109
Dividends			-	(40,394)		(40,394)
Share-based payments			1,207	1,207		1,207
Equity transactions with non-controlling interests			-	-	2,162	2,162
Other			-	(297)	20	(276)
Transactions with owners - total	(26,299)	(18)	(27,335)	(63,388)	2,183	(61,204)
Balance at December 31, 2020	-	-	(34,885)	1,059,796	9,487	1,069,283

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)	Nine Months Ended December 31,	
	2019	2020
Cash flows from operating activities		
Profit before tax	229,704	146,828
Depreciation and amortization	84,273	89,150
(Gain) loss on change in ownership interests in associates	(12,099)	(271)
(Increase) decrease in trade and other receivables	14,660	21,207
Increase (decrease) in trade and other payables	(6,050)	6,831
Other	(21,096)	(29,970)
Subtotal	289,392	233,776
Interest and dividends received	4,912	2,115
Interest paid	(2,311)	(2,569)
Income taxes paid	(64,897)	(35,034)
Net cash provided by operating activities	227,096	198,288
Cash flows from investing activities		
Payment for purchase of property and equipment	(25,600)	(12,472)
Payment for purchase of intangible assets	(37,505)	(32,547)
Other	(6,768)	(3,294)
Net cash used in investing activities	(69,875)	(48,314)
Cash flows from financing activities		
Repayments of long-term borrowings	(12,478)	(12,478)
Repayments of lease liabilities	(25,064)	(27,945)
Payment for purchase of treasury stock	(80,219)	(24,015)
Dividends paid	(49,193)	(40,370)
Other	1,527	4,581
Net cash used in financing activities	(165,428)	(100,228)
Effect of exchange rate changes on cash and cash equivalents	(2,045)	(17,073)
Net increase (decrease) in cash and cash equivalents	(10,253)	32,671
Cash and cash equivalents at the beginning of the period	402,911	421,253
Cash and cash equivalents at the end of the period	392,658	453,925

Going Concern Assumption

Not applicable.

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

The Company's operating segments are those components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance. The Company has three operating segments by type of business, namely, HR Technology, Media & Solutions, and Staffing, which are also the reportable segments.

HR Technology consists of the operations of Indeed, Glassdoor and the other related businesses. Media & Solutions consists of two business operations, namely, Marketing Solutions and HR Solutions. Staffing consists of two business operations, which are Japan operations and Overseas operations.

(2) Information on Reportable Segments

Segment profit (loss) is adjusted EBITDA (operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses).

Eliminations and Adjustments related to segment profit (loss) include corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in similar transactions with third parties. Segment assets are not stated as they are not reported to management.

For the Nine Months Ended December 31, 2019

(In millions of yen)	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	313,337	557,747	938,631	1,809,716	-	1,809,716
Intersegment revenue or transfers	5,237	5,281	11,849	22,369	(22,369)	-
Total	318,574	563,029	950,481	1,832,085	(22,369)	1,809,716
Segment profit (loss)	62,868	148,646	65,070	276,586	(6,692)	269,893
Depreciation and amortization (Note)						56,293
Other operating income						5,605
Other operating expenses						6,933
Operating income						212,271
Share of profit (loss) of associates and joint ventures						2,146
Gain (loss) on change in ownership interests in associates						12,099
Finance income						5,534
Finance costs						2,348
Profit before tax						229,704

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

For the Nine Months Ended December 31, 2020

(In millions of yen)	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	288,367	489,021	878,810	1,656,199	-	1,656,199
Intersegment revenue or transfers	3,783	3,653	10,639	18,076	(18,076)	-
Total	292,151	492,675	889,449	1,674,276	(18,076)	1,656,199
Segment profit (loss)	49,392	99,510	67,169	216,071	(5,130)	210,941
Depreciation and amortization (Note)						59,389
Other operating income						10,847
Other operating expenses						19,080
Operating income						143,318
Share of profit (loss) of associates and joint ventures						4,168
Gain (loss) on change in ownership interests in associates						271
Finance income						1,917
Finance costs						2,847
Profit before tax						146,828

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

For the Three Months Ended December 31, 2019

(In millions of yen)	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	109,215	182,803	316,495	608,514	—	608,514
Intersegment revenue or transfers	341	2,009	3,880	6,232	(6,232)	-
Total	109,557	184,812	320,375	614,746	(6,232)	608,514
Segment profit (loss)	19,118	50,552	24,113	93,784	(1,648)	92,135
Depreciation and amortization (Note)						19,040
Other operating income						286
Other operating expenses						3,770
Operating income						69,611
Share of profit (loss) of associates and joint ventures						1,922
Gain (loss) on change in ownership interests in associates						(147)
Finance income						1,352
Finance costs						869
Profit before tax						71,869

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

For the Three Months Ended December 31, 2020

(In millions of yen)	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third party customers	112,682	185,577	313,317	611,578	-	611,578
Intersegment revenue or transfers	1,874	1,249	3,371	6,495	(6,495)	-
Total	114,557	186,826	316,689	618,073	(6,495)	611,578
Segment profit (loss)	26,774	37,829	24,826	89,430	(1,912)	87,518
Depreciation and amortization (Note)						19,732
Other operating income						3,723
Other operating expenses						2,921
Operating income						68,588
Share of profit (loss) of associates and joint ventures						1,102
Gain (loss) on change in ownership interests in associates						145
Finance income						575
Finance costs						2,074
Profit before tax						68,337

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

2. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

For the Nine Months Ended December 31, 2019 and 2020

(In millions of yen)	Nine Months Ended December 31,	
	2019	2020
Sales commission	30,566	19,236
Promotion expenses	35,157	22,860
Advertising expenses	110,858	77,659
Employee benefit expenses	331,325	323,041
Service outsourcing expenses	75,975	75,091
Rent expenses	15,167	14,631
Depreciation and amortization	81,382	85,960
Other	76,396	55,626
Total	756,829	674,108

For the Three Months Ended December 31, 2019 and 2020

(In millions of yen)	Three Months Ended December 31,	
	2019	2020
Sales commission	9,929	7,185
Promotion expenses	11,564	10,693
Advertising expenses	37,860	34,356
Employee benefit expenses	112,110	107,800
Service outsourcing expenses	25,844	27,310
Rent expenses	5,257	4,494
Depreciation and amortization	27,543	28,848
Other	25,607	18,171
Total	255,718	238,861

3. Subsequent Events

Share Repurchase

The Company resolved at the meeting of its Board of Directors held on November 30, 2020 to implement a share repurchase program (the "Share Repurchases"), pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, Paragraph 3 of the same Act, as follows. Based on this resolution, during the three months ended December 31, 2020, the Company repurchased 5,330,400 shares of treasury stock (22,058 million yen).

(1) Reasons for the Share Repurchases

In line with the Company's capital allocation policy, the Company has decided to conduct the Share Repurchases upon consideration of multiple factors including the Company's capacity to pursue investments, the capital market environment, and the outlook for its financial position. Based on a comprehensive assessment of these factors, as well as the balance of supply and demand of its share in the aftermarket following the secondary offering announced on November 30, 2020, the Company has decided to pursue these Share Repurchases as a way to enhance shareholder value.

(2) Details of the Share Repurchases

1) Class of shares to be repurchased	Common stock of Recruit Holdings Co., Ltd.
2) Total number of shares to be repurchased	20,000,000 shares (maximum) (up to 1.21% of total number of shares issued and outstanding (excludes treasury stock))
3) Total purchase price	70,000 million yen (maximum)
4) Period for the Share Repurchases	From December 7, 2020 through February 26, 2021
5) Method of repurchases	Market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with investment discretion

(3) Status of the Share Repurchases as of January 31, 2021

1) Class of shares repurchased	Common stock of Recruit Holdings Co., Ltd.
2) Total number of shares repurchased	10,890,000 shares
3) Total purchase price	46,969 million yen