

November 16, 2020

Recruit Holdings Announces Consolidated Financial Guidance and Dividend Forecasts for FY2020, and the Amount of the Interim Dividend

TOKYO, JAPAN (November 16, 2020) - Recruit Holdings Co., Ltd. (TSE 6098) (the “Company”) resolved at the Board of Directors meeting held today its consolidated financial guidance and dividend forecasts for FY2020 (April 1, 2020 to March 31, 2021), and the amount of the interim dividend. Previously, due to the uncertainty and rapidly evolving conditions around the world, the Company had been unable to reliably predict the impact that the global spread of novel coronavirus (COVID-19) will have on its FY 2020 financial performance. Please refer to the following for the details.

Consolidated financial forecast for FY2020

(In millions of yen, unless otherwise stated)	Revenue	Adjusted EBITDA	Operating income	Profit before tax	Profit for the period	Profit attributable to owners of the parent	Adjusted EPS (yen)
FY2020 guidance	2,149,647	210,022	111,729	115,990	94,121	93,033	62.83
	-	-	-	-	-	-	-
	2,244,647	245,022	146,729	150,990	119,121	118,283	77.83
FY2019 results	2,399,465	325,159	206,011	226,149	181,249	179,880	121.03
Difference	-249,818	-115,136	-94,281	-110,158	-87,128	-86,846	-58.19
	-	-	-	-	-	-	-
	-154,818	-80,136	-59,281	-75,158	-62,128	-61,596	-43.19
% change	-10.4%	-35.4%	-45.8%	-48.7%	-48.1%	-48.3%	-48.1%
	-	-	-	-	-	-	-
	-6.5%	-24.6%	-28.8%	-33.2%	-34.3%	-34.2%	-35.7%

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's consolidated revenue and adjusted EBITDA for the six months ended September 30, 2020 decreased by 13.0% and 30.6% year on year, respectively. Excluding the revenue from the Rent Assistance Program, consolidated revenue for the six month period decreased 15.5% year on year.

The global economic outlook remains uncertain as some countries are experiencing a second wave of COVID-19 and new restrictions which may impact the Company's business are being implemented. The Company's consolidated financial guidance for FY2020 is based on the assumption that the spread of COVID-19 will not worsen to the extent it causes severe and prolonged lockdowns of major cities, and the business environment will not deteriorate significantly during the remainder of the fiscal year.

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 and increased consumer spending. Some countries and regions have already started to reimplement lockdowns and the Company's business environment continues to evolve rapidly. Therefore the Company's outlook remains cautious.

Consolidated Financial Guidance:

- Consolidated revenue for the six months ending March 31, 2021 is expected to be in the range of 1.10 trillion yen to 1.20 trillion yen, and is expected to be in the range of 2.14 trillion yen to 2.24 trillion yen for FY2020.
- Consolidated adjusted EBITDA for the six months ending March 31, 2021 is expected to be in

the range of 86.6 billion yen to 121.6 billion yen, and is expected to be in the range of 210.0 billion yen to 245.0 billion yen for FY2020.

- Adjusted EPS for FY2020 is expected to be in the range of 62.83 yen to 77.83 yen, assuming the amount of depreciation and amortization and other adjustment items for the six months ending March 31, 2021 to be similar to 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 be in the range of a decrease of 5% to an increase of 9% from the same period of the previous year. Adjusted EBITDA margin for the six months ending March 31, 2021 for HR Technology is expected to be in the mid-teens. In order to improve its revenue trend globally in the short-term and to accelerate revenue growth in the mid-term, HR Technology will 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 be in the range of a decrease of 9% to an increase of 6% year on year. Including the Rent Assistance Program, revenue for the same period is expected to increase approximately 15% to 30% year on year.

The challenging business environment is expected to continue for Bridal and Dining, while continued stable performance is expected for Housing & Real Estate and Beauty. In addition, the continued revenue recovery of Travel compared to the six months ended September 30, 2020, supported by the Go To Travel campaign by the Japanese government, is expected.

Revenue for HR Solutions for the six months ending March 31, 2021 is expected to decrease approximately 25% year on year, mainly due to the expectation for continued weak demand for placement services, while the part-time job board services have seen recent signs of recovery.

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 investments in businesses which have started to show recovery in their revenue trends.

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 10% to 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 12% to 8%. Adjusted EBITDA margin for the six months ending March 31, 2021 for Staffing is expected to be approximately 5% primarily due to a decline in adjusted EBITDA margin in Japan operations caused by the decline in revenue and an increase in advertising expense, partially offset by continued cost control measures.

Detail of Interim Dividend

	Interim Dividend for FY2020	Forecast as of May 27, 2020	Interim Dividend for FY2019
Record Date	September 30, 2020	September 30, 2020	September 30, 2019
Dividend per Share	9.50 yen	Undecided	15.00 yen
Total Payout	15,681 million yen	-	25,062 million yen
Effective Date	December 10, 2020	-	December 9, 2019
Source of Dividend	Retained earnings	-	Retained earnings

Dividend Forecasts for FY2020

(In yen)	At the end of Q2	At the end of Q4	Total
Previous forecast (as of May 27, 2020)	Undecided	Undecided	Undecided
New forecast	-	9.50	19.00
Actual	9.50	-	-
FY2019	15.00	15.00	30.00

There is no change in the Company's dividend policy. Interim dividend and year end dividend forecasts were calculated accordingly following the consolidated financial guidance for FY2020 as well as the Company's aim of maintaining a sufficient level of shareholders' equity in order to be able to respond flexibly to investment opportunities for future growth.

The Company considers the return of capital to its shareholders, including through dividends, to be an important part of its capital allocation strategy, and sets a consolidated dividend payout ratio target of approximately 30% of profit attributable to owners of the parent, excluding non-recurring income/losses.

The Company provides the calculation of adjusted EBITDA and adjusted EPS in the earnings release "Consolidated Financial Results for the Six Months Ended September 30, 2020" released on November 16, 2020.

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