PERPETUA
INSIGHTS

Recruit Holdings: Monetising the value of a hire

Date: August 27, 2026

Author: Jeremy Gorven, Head of Research & Senior Investment Analyst

Recruit Holdings is a Japan-listed global matching and staffing group, whose primary asset is Indeed, a global hiring marketplace that we estimate facilitates close to $1tn of annual first-year salary value. Indeed, generated only approximately $10bn of revenue – a roughly 1% take rate on this economic flow. A notable development is that AI is improving matching and recruitment automation, moving Indeed from monetising job visibility toward monetising the value of the hire, while its platform economics magnify the impact on profit [Figure 1]. [1]

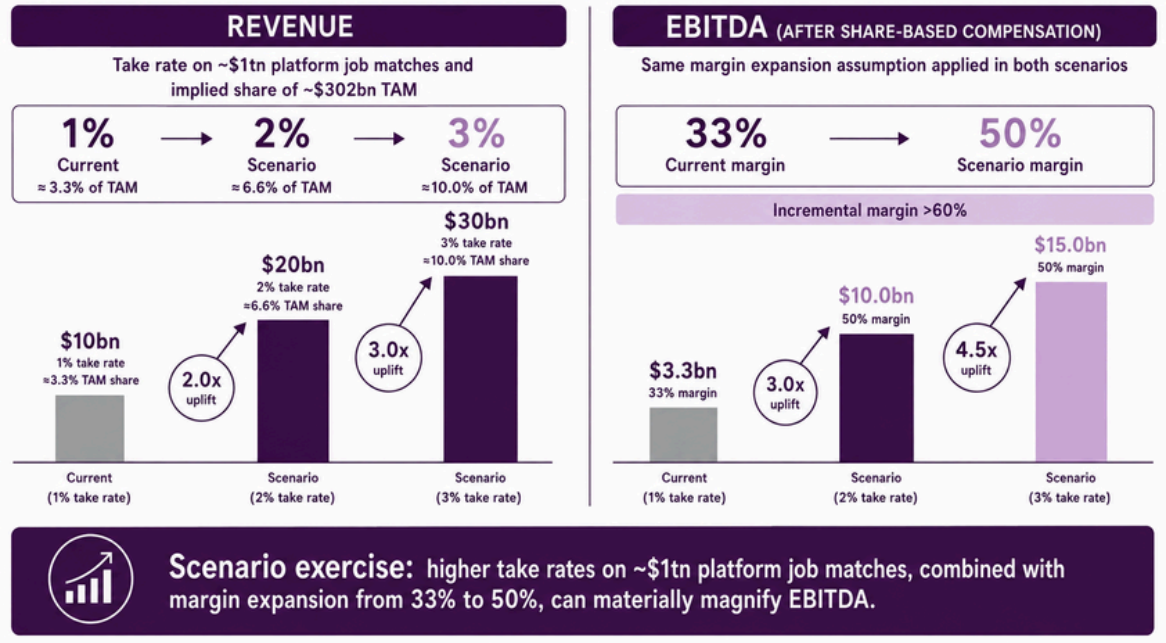
How Perpetua uncovered the thesis
Perpetua's conviction in Recruit was built through successive research trips to Japan in early 2025 and early 2026, including meetings with Recruit Holdings management. Those engagements, combined with continued work on Indeed's product evolution, pricing and AI matching, sharpened our view that the economics were shifting from monetising job advertising toward monetising the value of a successful hire.

Recruit has been a core holding in the **PERPETUA GLOBAL EQUITY UCITS FUND** since March 2026.

Figure 1: The 2026 oil market shock in 5 moves: from surplus to shock and backtowards balance

AI unlocks magnified earnings power at Indeed (Recruit Holdings)

From 1% to 2% and 3% take rates on ~ $1tn platform job matches can translate into differentiated revenue and EBITDA outcomes illustrative scenario exercise, not forecast



Note* Take rate is of the ~$1tn platforms job matches; market share is of the ~$302bn HR Technology TAM

Source: Recruit Holdings FY2025 HR Technology revenue; TAM and scenario analysis are Perpetua estimates. Figures rounded.

Recruit Holdings at a glance

Recruit Holdings is a Japan-listed global matching and staffing group, organised into three operating segments.

HR Technology	Marketing Matching Technologies [MMT]	Staffing
Indeed: world's #1 job site by visits; 3.5m employers, >665m verified profiles and >16m jobs across 60+ countries. >two-thirds "in-person economy" roles. Indeed has 2/3rds of the US market, which contributes 58% of HR Technology rev. #1 market positions in 19 other countries incl the UK, Japan and Canada. **Glassdoor:** Reviews & salary data. FY Mar-26 Revenue: **$9.7bn | 39%** of group revenue Q1 FY27 EBITDA: **43% margin | 71% of group**	Portfolio of 7 scaled Japanese vertical marketplaces: #1/leading platforms include HOT PEPPER Beauty (beauty), SUUMO (housing), Zexy (bridal) and Car Sensor (used cars), connected through Recruit ID, loyalty, shared data and business software across 99m Recruit IDs, 980k business clients and approximately 400m annual actions. FY Mar-26 revenue: **$3.7bn | 15%** of group revenue Q1 FY27 EBITDA: **36% margin | 19% of group**	Temporary staffing across Japan, Europe, the United States and Australia. FY Mar-26 Revenue: **$11.3bn | 46%** of group revenue Q1 FY27 EBITDA: **6% margin | 10% of group**

Note* FY Mar-26 revenue shown in US dollars. Q1 FY27 EBITDA margin and contribution are approximate after share-based compensation, based on Recruit Holdings disclosures and Perpetua calculations; figures rounded.

Most of Recruit's economic value resides in its HR Technology and MMT divisions, amongst its scaled platform businesses. A common factor is leading market positions, strong network effects, proprietary data and high margins. Our investment cases focuses on the emerging monetisation opportunity at Indeed.

The investment case

Indeed already operates at global scale but captures a low take rate from the economic value of hires. AI is improving matching and expanding the share of employer hiring spend the platform can address and its largely digital cost base means higher monetisation can translate into faster profit growth. We explore this below.

- **From job advertising to hiring outcomes**

An employer may pay relatively little to advertise a vacancy, but far more to someone who can fill it. For most of its history, Indeed operated near the first price point, while traditional recruitment agencies and search firms operated near the second. The gap is meaningful. Recruit says employers spent less than 1% of salary on Indeed for U.S. jobs with a reported hire in 2025, compared with roughly 20–25% for direct-hire recruiters and as much as 40% for retained search. The difference is not simply pricing. Indeed historically sold visibility and applicant flow; agencies and in-house recruitment teams performed the work required to produce the hiring outcome.

AI is beginning to narrow this gap. Better matching allows Indeed to identify the candidates an employer is most likely to interview, automate more of the hiring process and, in some cases, prevent low-value work from arising. AI may allow it to raise the take rate, while substantial operating leverage could turn a modest change in monetisation into a larger change in Recruit Holdings' earnings power.

- **Indeed already sits on a trillion-dollar economic flow**

Recruit's 2025 disclosure of 31 hires per minute, calculated from hired signals on Indeed and Glassdoor, equates to approximately 16.3m measured hires for the year. Applying an estimated global average first-year salary of about $60,000, based on Indeed's geographic market exposure[2], implies close to $1tn of annual salary value associated with hires facilitated by the platforms.

In the year ended March 2026, HR Technology generated $9.7bn in revenue, roughly 1% of the estimated $1tn of salary value flowing through the marketplace. The platform scale and network effect are already established: 3.5m annual employer customers, more than 665m verified job-seeker profiles and a platform that observes applications, messages, interviews, offers and hires.

Each outcome helps Indeed learn what job seekers want, which employers are ready to hire and where stated requirements differ from the candidates ultimately accepted. The marketplace increasingly derives value from those two-sided decisions.

- **Better matching changes what a match is worth**

The old online-recruitment chain was straightforward: advertise a vacancy, generate applicants, perform substantial human recruitment work, then make a hire. Indeed improved the first two stages. Employers still screened résumés, checked qualifications, searched databases, contacted candidates, arranged interviews and turned to agencies when the process failed. Indeed is expanding from job advertising into AI-powered sourcing, screening and recruitment automation [Figure 2].

Figure 2: HR technology segment

U.S revenue- Indeed sponsored jobs



Source: Recruit Holdings | FY2026 Q1 Results

AI changes the focus. Rather than maximising applicant volume, Indeed can rank candidates by the probability that both sides will say yes. Recruit and Indeed Chief Executive Officer Hisayuki "Deko" Idekoba described the practical consequence of this in August: "as targeting becomes more precise, advertising and sourcing begin to converge". High-precision job advertising increasingly performs the function of an automated recruiter reaching the right candidate.

Better matching can do more than make recruitment work more efficient; it can remove the need for portions of that work, particularly in larger enterprises. If unsuitable applicants do not enter the funnel, there are fewer résumés to screen; fewer credentials to verify; fewer databases to search and fewer unsuccessful candidates to chase. The work disappears before it needs to be automated.

The product evidence points in that direction. Premium Sponsored Jobs, Indeed's higher-priced package combining greater visibility with advanced matching, sourcing and screening features, produced a 50% faster time to hire than free listings in the relevant U.S. cohort. Early tests of Smart Screening, an AI tool that automates initial candidate assessment, reduced time to hire by 20%. Screening data can then improve sourcing and the next match.

For employers, this changes the comparison. Recruit is finding that small businesses are willing to pay more to fill a critical vacancy sooner. A large enterprise can compare Indeed not with the price of another advertisement, but with the cost of internal recruiters, résumé databases, screening teams and agencies. One healthcare customer compared Indeed's automated sourcing and interview scheduling with recruiter labour and database fees, concluding that the output was equivalent to several full-time recruiters.

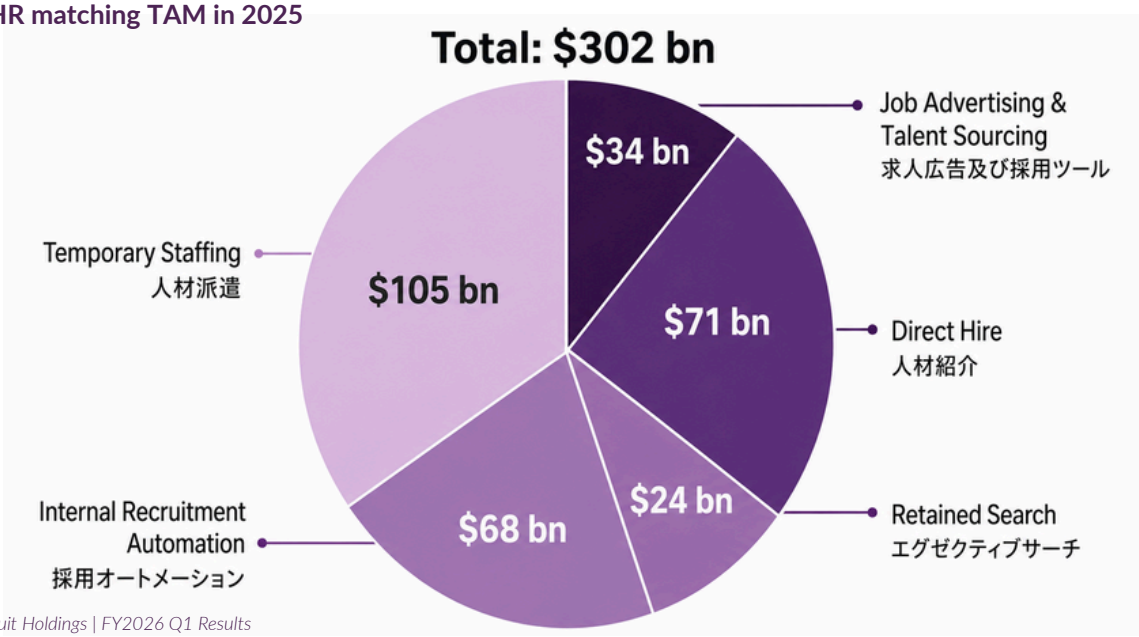
This is increasingly a return-on-investment conversation about the total cost of hiring. Indeed previously interacted mainly with human-resources teams; it is now engaging with senior executives about the role it can play in automating recruitment, with early signs of success

- **The TAM is expanding as Indeed converges on the value of the hire**

If Indeed sells visibility, its relevant market is the approximately $34bn global market for Job Advertising and Talent Sourcing. Once matching and automation replace sourcing, screening and placement activity, the relevant budget pool becomes much larger. Recruit estimates:

Figure 3: HR technology segment

Global HR matching TAM in 2025



Source: Recruit Holdings | FY2026 Q1 Results

The change is that Indeed's products can now compete for expenditure previously absorbed elsewhere in hiring. The monetisation ladder moves from standard Sponsored Jobs to premium targeting, AI subscriptions and recruiter tools, enterprise recruitment function automation and, ultimately, performance or cost-per-hire pricing when the platform can deliver candidates close enough to hire-ready.

These figures make modest take-rate scenarios financially significant. Against an estimated $1tn of annual salary value, a 2% or 3% take rate would imply HR Technology revenue of about $20bn or $30bn, roughly two or three times the current level.

Even then, Indeed would remain well below the 20–25% fees common in direct hire and the up-to-40% economics of retained search. The thesis therefore requires only a modest narrowing of a wide monetisation gap, not convergence with agency pricing.

- **Operating leverage turns take rate into earnings power**

Indeed's operating leverage is already visible. Most of the cost of Indeed's global platform is

already in place, including a global audience, employer relationships, matching infrastructure, data, distribution, engineering and brand. As such, higher monetisation does not require costs to grow in proportion to revenue. Q1 FY27 HR Technology revenue grew 33% year on year while EBITDA after share-based compensation more than doubled, lifting the margin from about 28% to 43% and implying an incremental EBITDA margin close to 90%. This provides a strong basis for testing a 50% EBITDA margin scenario. Recruit's published medium-term margin ambition implies roughly 45% EBITDA, and that ambition was set before the Q1 step-up.

Figure 1 illustrates the sensitivity: higher take rates combined with margin expansion allow EBITDA to grow materially faster than revenue. Under a 3% monetization scenario, HR Technology could see profitability expand by 4.5x. These are illustrative scenarios, not forecasts.

The marketplace flywheel is accelerating

The marked business improvement is occurring on both sides of Indeed's marketplace. Global monthly active job seekers increased 18% year on year in March, while Deko said in August that "more people than ever" are engaging with the platform as AI delivers faster employer responses, earlier interviews and ultimately faster hiring. Among small and medium-sized business customers, management attributed the increase in average revenue per job posting roughly one-third each to more paying clients, more sponsored jobs per client and higher unit pricing. Better matching is driving greater engagement and higher employer spend, reinforcing Indeed's marketplace flywheel.

The probability of the scenarios laid out above has risen because the model is already behaving less like traditional job advertising: revenue is accelerating despite a soft jobs market as customers increasingly pay for productivity and hiring speed, rather than simply job visibility.

Indeed spent two decades building a difficult-to-replicate asset: a leading global marketplace connecting employers, job seekers and millions of successful hires. AI may now allow it to capture more of the value already flowing through that system. The scale is built, the take rate is expanding, and each additional dollar captured can be worth disproportionately more to Recruit's earnings. That fits Perpetua's Unrecognised Growth thesis along our **Value Continuum**: in our view, an underappreciated revenue and earnings transition in a high-quality platform capable of compounding intrinsic value.

[1] Take rate is defined as HR Technology revenue as a percentage of the estimated total first-year salary value of hires facilitated by Indeed and Glassdoor.

[2] From 1% to 2% and 3% take rates on ~ $1tn platform job matches can translate into differentiated revenue and EBITDA outcomes illustrative scenario exercise, not forecast