Slide1-01

Idekoba: Hi, I’m Deko. I will discuss our financial results for FY2022.

Slide1-02

In FY2022, demand for hiring that had increased dramatically due to the COVID-19 pandemic began to normalize, especially in the US. While still at historically high levels, hiring demand has begun to decline very quickly as concerns about an economic slowdown increase.

We saw a similar trend occur in Europe, but with a time lag. However, both revenue and adjusted EBITDA reached record highs, partly due to the weak yen and the strong dollar.

Net income attributable to owners of the parent was down 9.1% from the previous fiscal year. This was mainly due to a one-time charge associated with the recent headcount reduction in HR Technology in preparation for the anticipated economic downturn, as well as impairment charges in other segments. Excluding the impact of these one-time impacts, adjusted net income increased slightly.

Slide1-03

With regard to our full-year financial guidance, we expect a decrease in both revenue and adjusted EBITDA, due to further uncertainty in the global HR matching market, especially in the U.S. and Europe. Because of this uncertainty it is currently very difficult to forecast revenue, especially in the U.S. and Europe for this fiscal year.

We intend to provide guidance when it becomes reasonably feasible to do so.

At this moment, still under this very uncertain situation, we believe we can make some reasonable forecasts for Q1. With the assumption that there will not be a sudden slowdown in the economic environment, we forecast consolidated revenue in Q1 of 800 to 830 billion yen, adjusted EBITDA will be 140 to 160 billion yen and adjusted EBITDA margin will be in a range of approximately 17 to 19 percent.

Jun Arai will discuss the details of the consolidated and segment results for FY2022 and the current assumptions for FY2023 for each segment.

For more information about the global HR market outlook for FY2023, please watch my presentation in the Simplify Hiring video.

Slide1-04

Arai: Thank you Deko.

I'm Jun Arai.

I will start with a review of the consolidated results of FY2022, followed by the results and outlook for each segment.

Slide1-06

Deko explained the consolidated revenue and adjusted EBITDA results earlier.

Operating income decreased by 9.1% to 344.3 billion yen, primarily due to one-time charges in each segment in Q4. Operating income before other operating income or expenses, in other words Non-GAAP operating income, which excludes the following one time charges in each segment, decreased by 1.5% to 393.6 billion yen.

HR Technology recorded restructuring charges of 17.6 billion yen related to employee severance benefits and other associated costs related to its recently announced workforce reduction.

HR Technology also recorded an impairment loss of 13.9 billion yen related to a planned office consolidation in order to improve efficiency.

In addition, impairment losses of 17.1 billion yen were recorded for software and other assets in Matching & Solutions and Staffing, as well as for Goodwill in Staffing.

Profit attributable to owners of the parent is shown as Deko explained earlier.

Regarding the consolidated balance sheet as of March 31, 2023, net cash was 842.0 billion yen, subtracting interest-bearing debt of 35.2 billion yen from cash and cash equivalents of 877.3 billion yen. Net assets were 1.63 trillion yen, and ROE for FY2022 was 18.0%.

The per share dividend amount is 11 yen for the second half and 22 yen for the full year.

The capital allocation priorities remain unchanged, and these are: investing in product development and marketing expense to drive growth in our existing businesses, continuous payment of stable per-share dividends, strategic M&A mainly focused on HR Technology in the HR Matching Market, and implementing a share repurchase program, subject to the capital markets environment and the outlook of the Company’s financial position.

We expect to disclose full year FY2023 guidance when it becomes reasonably feasible to do so.

Slide1-07

Our global HR matching business consists of HR Technology, HR Solutions in Matching & Solutions, and Staffing.

Under our long-term strategy "Simplify Hiring," since FY2020 with the leadership of HR Technology, we aim to enhance the quality of matching significantly in the global HR matching market. We have increased the scale of our global HR matching businesses to approximately 1.7 trillion yen in FY2022, a 3-year CAGR of 20.9% amid the expansion of the global HR matching market. In order to evolve and expand our HR matching businesses, we will continue to promote further collaboration among our business segments.

Furthermore, in the Marketing Solutions area of Matching & Solutions, revenue in FY2022 recovered to the pre-pandemic level. Going forward, under the long-term strategy "Help Businesses Work Smarter," we will continue to further refine existing businesses while steadily developing the SaaS businesses and the fintech services over the long term.

Next, I will explain the results and outlook of each segment.

Slide1-08

Hiring demand continued to normalize globally and, as a result, US dollar revenue for HR Technology in Q4 of FY2022 was approximately 1.89 billion dollars, a decrease of 6.7%.

Indeed's total job openings in the US in Q4 were down approximately 13%, while paid job ads were down approximately 30%.

Adjusted EBITDA margin in Q4 improved by 2.4 percentage points quarter over quarter to 30.5%, but decreased by 2.3 percentage points year over year as personnel costs grew more than revenue, due to the aggressive hiring in the first half of this fiscal year and despite implementing multiple cost control measures and savings initiatives, including reductions in advertising expenses.

In FY2022, full year US dollar revenue was 8.24 billion dollars, an increase of 7.7%, or 11.4% on a constant currency basis.

By region, revenue in the US increased by 4.9% to 6.0 billion dollars. Revenue outside of the US increased by 16.1% on a US dollar basis, or 30.8% on a constant currency basis.

Revenue per sponsored job in the US for FY2022 increased by approximately 7% on a US dollar basis.

In light of the changing business environment, we paused hiring in the second half of this fiscal year and significantly reduced operational costs, including promotion and advertising expenses.

In FY2022, the total amount of sales commission, promotion expenses and advertising expenses were kept to approximately 13% of revenue. Employee benefit expenses and service outsourcing expenses totaled approximately 50% of revenue, as the expense increased significantly in the second half of the fiscal year due to aggressive recruiting efforts during the first half of the fiscal year.

As a result, Non-GAAP operating income margin was approximately 23%.

Adjusted EBITDA after adding back depreciation, PPA amortization and share-based compensation expenses was 342.3 billion yen, and adjusted EBITDA margin was 30.7%, exceeding the revised outlook announced on February 13, as we implemented appropriate cost control measures in Q4.

Slide1-09

As for the FY2023 outlook, on a US dollar basis, in Q4 of FY2022, revenue decreased by 6.7% year over year or 4.4% quarter over quarter. The declining trend continued in April as revenue decreased by approximately 12% to about 625 million dollars, an approximately 4% decline from March.

In Q1, 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 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% as a result of the previously mentioned cost reduction measures.

Revenue and adjusted EBITDA in HR Technology is expected to decrease in FY2023, however, we are not providing a full year revenue outlook for the fiscal year at this time because of the high degree of uncertainty regarding the macroeconomic environment and the speed with which the HR matching market will shrink, especially after this coming summer.

HR Technology has implemented cost reduction measures since the second half of FY2022, including the workforce reduction, which as announced on March 23, is expected to reduce employee benefit expenses by approximately 500 million dollars on an annualized basis.

The total amount of share-based compensation in FY2023 is expected to be slightly above 700 million dollars.

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.

Slide1-10

Revenue in Matching & Solutions increased by 15.5% to 760.6 billion yen, and recovered to exceed pre-pandemic FY2019 revenue of 755.9 billion yen.

Revenue in Marketing Solutions increased by 13.9% to 451.5 billion yen as revenue in all verticals increased. Revenue in HR Solutions increased by 19.3% to 297.4 billion yen as revenue in the job advertising service and the placement service both increased.

In FY2022, the total amount of sales commission, promotion expenses and advertising expenses of Matching & Solutions were approximately 28% of revenue, and employee benefit expenses and service outsourcing expenses totaled approximately 40% of revenue.

As a result, Non-GAAP operating income margin was approximately 9%, adjusted EBITDA after adding back depreciation, PPA amortization and share-based compensation expenses was 109.8 billion yen, and adjusted EBITDA margin was 14.4%.

Adjusted EBITDA margin for Marketing Solutions, which includes the up-front investment phase of the SaaS business, was approximately 25% and adjusted EBITDA margin for HR Solutions which aggressively invested in marketing activities and strengthening workforce was approximately 12%. [unaudited internal measures]

Total overhead costs in Matching & Solutions, which include headquarters related expenses and expenses to upgrade the technology infrastructure and core systems, were approximately 5% of revenue. (unaudited internal measures)

Slide1-11

For the FY2023 outlook for Matching & Solutions, we estimate an increase in both revenue and adjusted EBITDA, based upon the assumption that the business environment in Japan will continue and will not experience a sudden slowdown.

While we continue to invest for future growth, we will be prepared to respond quickly to the potential impact on the Japanese economy that may arise from the potential economic recession in the US and in other countries around the world.

Based on this assumption, we expect revenue for Q1 in Marketing Solutions to increase by approximately 8% and to increase by approximately 10% in HR Solutions, and adjusted EBITDA margin to be approximately 23%.

Slide1-12

For the full year, we expect revenue in Marketing Solutions to increase by approximately 4% and in HR Solutions by approximately 6%.

We believe in FY2023 Marketing Solutions can achieve adjusted EBITDA margin of approximately 28% by continuing to control costs appropriately, while making investments for future growth including marketing activities.

HR Solutions is expected to achieve an adjusted EBITDA margin of approximately 22% mainly by controlling advertising expenses compared to last year's level, when we invested aggressively.

We will continue to invest in technology infrastructure and core systems in FY2023.

Considering all of this, we expect adjusted EBITDA margin for FY2023 in the segment to be approximately 20%.

We will prioritize investments and scrutinize costs, while being prepared to act flexibly in an uncertain business environment.

Slide1-13

Revenue in Staffing was 1.58 trillion yen, an increase of 15.0% due to increased demand for temporary staff globally. Adjusted EBITDA margin was 6.5%.

For Japan, revenue increased by 13.1% to 684.1 billion yen driven by an increase in the number of temporary staff on assignment due to increased demand, and adjusted EBITDA margin was 8.2%.

Revenues in Europe, US, and Australia, were 430.8 billion yen, 273.0 billion yen, and 197.1 billion yen respectively in each region, an increase of 16.5% in total or 3.7% on a constant currency basis. However, demand slowed in the second half of FY2022 in some areas of Europe and the US.

Adjusted EBITDA margin was 5.2%

Slide1-14

For the outlook for Staffing in Q1 of FY2023, revenue in Japan is expected to increase by approximately 12%, based upon the assumption that a rapid change in the business environment will not occur.

For Europe, US and Australia, we expect revenue to decrease by approximately 8% as the downward trend in revenue since the second half of the last fiscal year continues.

Adjusted EBITDA margin is expected to be approximately 6%.

For the full year of FY2023, revenue in Japan is expected to increase by approximately 9% year over year, based upon the assumption that the business environment in Japan will continue and will not experience a sudden slowdown.

For Europe, US and Australia, although we expect revenue will decrease in FY2023, but because of the uncertainty in the labor market environment and its impact to our businesses in Europe and the US, we have determined that we will not provide a full-year segment revenue outlook at this moment.

Regarding profitability, we will continue to promote operational efficiency and expect adjusted EBITDA margin in Staffing segment to be approximately 6%.

This concludes my presentation. Thank you very much.

Slide1-15

Idekoba: Our vision is "Follow Your Heart," which means we envision a world where people can focus on what really matters and pursue their passions.

Slide1-16

We carry out our mission, ”Opportunities for Life. Faster Simpler and Closer to you”.

By proposing more optimal options now that information is available anytime, anywhere, we want to provide many new opportunities by connecting individuals with businesses much faster, surprisingly simpler and closer than ever before.

Slide1-17

Our mission is carried out through the three business strategies: Simplify Hiring, Help Businesses Work Smarter, and Prosper Together. We would like to explain these three strategies in more detail. Each of these three will be discussed in a video from the persons in charge.

We are grateful for the understanding and support of our shareholders, capital market participants, and all of our stakeholders.

Progress on Simplify Hiring

Slide2-01

Idekoba: Hi, I’m Deko, head of the HR Technology business.

Slide2-02

I’d like to talk with you about our Simplify Hiring strategy. This strategy is about making it faster and easier to get a job and to make a hire.

Slide2-03

First, I would like to share what we are seeing in the HR matching market.

Hiring is a cyclical business. In the HR industry, we often talk about these ups and downs by comparing them to the seasons. When hiring warms up, we’re in the Spring season. When hiring cools, we’re going into the Fall season.

For example, right now in the US, where labor market liquidity is very high, hiring is beginning to cool. Outside the US, I believe there is a time lag and we also expect to see a cool down.

Slide2-04

When we consider past winter seasons in hiring like the 2001 and the 2008 recessions, there were significant declines in the number of job openings in the US; roughly 2 to 2.7 million jobs over a period of about 2 years from the peak of job openings.

Currently, the number of job openings continues to be very high by historical standards. We have seen job openings decline by about 2.5 million jobs, down from about 12 million in a year - a faster rate of decline than ever before. We believe this trend will continue and could drop to the pre-COVID level of 7.5 million or even below that level.

The speed, length, and depth of the future cooldown of hiring demand is very difficult to predict. And it’s very difficult to accurately forecast our full fiscal year revenue.

In this situation, we are managing our business conservatively, based on the assumption that it is likely that we will enter into a recession in the US, potentially followed by Europe and Japan.

Slide2-05

While we expect the short term situation to be difficult, we remain confident about the long term opportunity.

This is because the talent shortage will only get worse given the aging population. In Japan, this has been an ongoing problem, and we’re starting to see it happen in other developed countries. That said, we can help solve this issue by making it easier and faster for people to get jobs.

Slide2-06

Getting a job should be as easy as "pushing a button".

While some may doubt this could happen, I look at the recent evolution of AI.

Advancements in AI are changing what we think is possible. Gradually, people are imagining a future where we can do more faster.

Slide2-07

For example, my daughter recently got her driver's license.

She was having trouble parking just like I did when I learned how to drive. I told her to practice more. She said we should buy a new car that parks itself with the push of a button.

Twenty years ago if I told people that they could park their car by pushing a button, no one would have believed me. Here we are seeing the automobile industry create an easy solution to a challenge many drivers face.

Slide2-08

Today, the work in the HR matching industry is manual and time consuming, creating a very inefficient process.

As a leader in the HR matching industry, we're focused on creating a simple, easy solution to help people get jobs and help employers hire.

In the past year, there were 2.5 billion job applications submitted on Indeed, based on our internal data. A majority of these didn't even receive a response - this is one of the most common complaints from job seekers. And only a small percent of those who heard back made it to an interview.

We are working to improve the quality and speed of matching to make this process better for job seekers and employers.

Slide2-09

In 2022, we helped 23 job seekers get hired on Indeed every minute, up 30% compared to last year. We will continue to improve our products and work hard to support as many people as possible in their job search, even in these difficult economic situations.

Slide2-10

But today, the HR Technology SBU is mainly focused on the job advertising market, which is only a small part of the larger HR matching market.

The HR matching market was estimated to be worth $327 billion US dollars in 2022.

To achieve our goal of Simplify Hiring, we believe that all HR related businesses across Recruit Group should work together to target the entire HR matching market.

Slide2-11

We believe that fully utilizing the Group's business client relationships, offline and online data, combined with machine learning and AI technologies using this unique data will simplify the process for job seekers and make recruiting more efficient.

Today, Rob and Yoshi will give you an update on how we're utilizing our matching engine across SBUs.

Slide2-12

Rob: Hi, I'm Rob, Head of the Staffing Business.

In terms of simplifying the process of matching people with jobs, I believe the same can be said for the staffing business itself.

The processes within staffing agencies are largely unchanged in the last 50 years. Digitalization is very limited and human touchpoints are still very dominant in the whole process.

Also, because of the high attrition rates of temporary staff, staffing agencies are constantly selecting and training new staff and searching for new temps. These are labor intensive processes.

To improve these situations, today Staffing SBU and HR Technology SBU are testing together a new app-based solution, Indeed Flex, that makes it easier and simpler for job seekers to get temporary work in the US and the UK. The app is simple to use, and makes it easy to apply to jobs with automated matching, conditionally accept job offers, and onboard into new roles quickly.

In addition, we are also using technology to address one of the most common asked questions from workers: “when will I get paid?” We have recently started a test in the US and the UK where temporary workers are paid the day after they work. Most often temporary workers receive their pay within 1 week or more of the respective work period. As you can imagine, getting paid sooner is well received.

We believe there are a lot of opportunities ahead to make it easier for temporary workers to get jobs. By utilizing technology, we hope to contribute to a thriving global staffing market for many years to come.

Slide2-13

Kitamura: Hi, I’m Yoshi. Head of the Matching & Solutions.

In the HR Solutions operations within the Matching & Solutions SBU, we provide various HR matching services in Japan.

Job seekers in Japan primarily use the services of the public employment center “Hello Work” and private employment agencies.

Excluding “Hello Work”, there are currently approximately 28,000 placement service providers[1] and 44,400 temporary staffing agencies[2] in Japan, in addition to many job advertising platforms. The number of HR companies has been increasing due to the continued fragmentation of the market by job type, region, employment type, and other factors.

In this business environment, by utilizing our ever-evolving matching engine, we believe, across the Recruit Group, we can make the hiring process more efficient through the Simplify Hiring strategy in Japan.

Slide2-14

For example, in the past, it was necessary for employers to use multiple matching platforms depending on the type of employment, such as TOWNWORK and From A navi for part-time employment and RikunabiNEXT for full-time employment.

However, by utilizing our matching engine, employers can automatically post a job advertisement on the most appropriate matching platform according to the job description and the job seekers' situation.

Slide2-15

Also, we have begun working on initiatives where we are collaborating across our vertical matching platforms in Marketing Solutions and our HR Matching businesses. Hot Pepper Beauty WORK, for example, is where we are linking our recruitment service with one of the largest matching platforms in Japan.

As a leading company in HR matching businesses in Japan, by combining the matching engine with our know-how and data, and by continuing the investment for the future growth, we will accelerate our Simplify Hiring strategy in Japan.

Slide2-16

Idekoba: As I mentioned earlier, we believe that the HR matching market is entering a cooler season. The macroeconomic outlook for the current fiscal year remains very uncertain, especially in the US and Europe.

In our history of more than 60 years, there have been many times when revenue did not grow during economic downturns.

All winters end, and spring will once again return. As we have done before, the best thing we can do now, in these cold winter times, is to focus on our long term strategy by improving our products and internal productivity, so we will be in a good place when spring arrives.

Thank you.

1 Source: FY2021 Employment Placement Business Report, Ministry of Health, Labour and Welfare

2 Source: Number of temporary staffing agencies per Ministry of Health, Employment Security Bureau, Supply and Demand Adjustment Division.

Progress on Help Businesses Work Smarter

Slide3-01

Kitamura: Hi, I’m Yoshi, Executive Vice President and Head of Matching & Solutions.

Matching & Solutions consists of two subsegments in Japan: Marketing Solutions and HR Solutions.

Slide3-02

In Marketing Solutions, we provide vertical matching platforms and associated vertical-specific business support SaaS solutions, as well as general business support SaaS solutions, called Air BusinessTools, which work across all verticals.

In HR Solutions, we provide HR matching services that utilize a constantly evolving matching engine by collaborating across the entire HR matching businesses of Recruit Holdings under our Simplify Hiring strategy.

We operate one of the largest matching platforms in Japan. Revenue in Matching & Solutions was approximately 760 billion yen in FY2022. Among our matching platforms, SUUMO and HotPepper Beauty in Marketing Solutions, TOWNWORK and Recruit Agent in HR Solutions, each have revenue on the scale of approximately 100 billion yen while our other matching platforms have sales in the tens of billions of yen.

Slide3-03

Today, I would like to update you on the progress of the second pillar of our business strategy, “Help Businesses Work Smarter” to contribute to improving productivity and profitability of our business clients in Japan, mainly led by the Marketing Solutions.

By utilizing our ecosystem of vertical matching platforms and SaaS solutions, we aim to simultaneously enhance the productivity and profitability of our business clients in Japan through our strategy: “Help Businesses Work Smarter.” This will be achieved by consolidating all their business operations and circulating the flow of people, products, and money within our ecosystem.

During FY2022, as economic activity in Japan began to recover, demand among individual users for their daily consumption activities surged. Additionally, we saw an increase in job-seeking activities from both professionals’ looking to change jobs and part-time job seekers.

In order to seize this opportunity, we conducted aggressive marketing activities aimed at both individual users and business clients.

As a result, the three KPIs most important to our strategy that we talked about last July - the number of actions, the number of registered SaaS accounts, and gross payment volume, all increased.

Slide3-04

First, actions by individual users including the number of online reservations on our salon, restaurant, and lodging platforms and the total number of applications in our HR matching services totaled approximately 420 million, an increase of approximately 34% year over year.

Slide3-05

An increase in the number of actions in Marketing Solutions translates into revenue growth for business clients, while in HR Solutions, it leads to an increase in matching opportunities between job seekers and business clients. This is an important indicator of whether we are facilitating the best possible matches on our matching platforms.

Slide3-06

Secondly, the number of registered SaaS accounts is another KPI for us. As of March 31, 2023, it was approximately 3.18 million, an increase of 30% year over year. An increase represents the expansion of our client base. AirPAY, a cashless payment service, and AirWORK ATS, a recruitment management system, were primary drivers of the increase in the number of accounts.

Slide3-07

We estimate the number of potential users to be roughly 4.53 million business locations and stores in Japan. Assuming each business location uses multiple SaaS solutions, we believe there is still significant opportunity to expand through the continued evolution of our SaaS solutions.

Slide3-08

As we celebrate Air BusinessTools' 10th anniversary this year, we conducted a survey to measure our SaaS solutions' contribution to improving the efficiency of business clients' operations. AirREGI is a service that streamlines the work of closing the cash register and tallying sales, and by making it possible to perform tasks that used to take several hours in a matter of minutes, we successfully contributed to an annualized reduction in labor of 19.85 million hours, resulting in labor cost savings of about 21.0 billion yen in terms of hourly wages. We believe that the time and money saved allowed our business clients to focus on their core business activities, leading to the production of higher value services and goods, and ultimately improving salaries and other working conditions for their employees. As a result, the stickiness of business clients and the circulation of the flow of people, products, and money within the ecosystem will be enhanced.

Lastly, our third KPI is gross payment volume or GPV. GPV reached approximately 1.3 trillion yen in FY2022, an increase of 69% year over year.

Slide3-09

GPV is important for the expansion of fintech services, which we believe will become a new potential source of revenue by linking with Marketing Solutions in the long term. By capturing a substantial number of actions by individual users and enabling payments both within and outside of our matching platforms, GPV is likely to expand.

Slide3-10

Apart from the increase in the number of AirPAY registered accounts, the growth in payment volumes is also due to the online payment service offered through AirPAY. This newly launched service is now available for both Hot Pepper Beauty and Hot Pepper Gourmet, following its introduction on Jalan net. Through this service individual users were able to make online cashless payments for their salon bookings and restaurant reservations, which translated to GPV that we had not previously captured. This contributed to an increase in GPV that exceeded our forecast of 1 trillion yen set in July 2022.

That's all for our developments for FY2022.

Slide3-11

Now, before I talk about the future, let me first reiterate the structure of the Help Businesses Work Smarter strategy.

By integrating our vertical matching platforms in Marketing Solutions with Air BusinessTools SaaS solutions, we have opportunities to engage with clients across many business operation services. Incorporating our HR matching services into our offering increases the stickiness of our clients, ultimately resulting in greater lifetime value for our business clients.

A great example of our strategy to enhance client stickiness and lifetime value is Hot Pepper Beauty WORK, which was launched in February this year. This initiative combines a vertical matching platform in Marketing Solutions with an HR matching service to provide greater convenience for business clients.

Additionally, we believe that we can extend our services to businesses outside our existing verticals, such as retailers, using Air BusinessTools. Through our Simplify Hiring strategy, we can assist them with recruiting and hiring and, in the long term, we can offer fintech services.

Slide3-12

Here is an example of how we envision increasing the lifetime value of business clients through Air BusinessTools. One of our restaurant clients is using the Hot Pepper Gourmet and its associated reservation management system, RESTAURANT BOARD. After adopting AirPAY and AirREGI to expand its cashless payment options, the restaurant has also installed Smart Payment, which is an online pre-payment service. Additionally, the business client plans to utilize AirMATE for business and management analysis.

Slide3-13

Furthermore, there have been various instances where business clients of Jalan, a matching platform for Travel, were introduced to and implemented AirWORK ATS to assist in recruiting and hiring for entire regions and AirPAY was introduced to shopping districts, to support the revitalization of local tourism.

We attribute our ability to accomplish such initiatives to the numerous user interactions on each vertical matching platform and our extensive connections with a wide variety of business clients.

Slide3-14

We are also expanding our fintech services, which will solve business clients' money-related inconveniences.

Specifically, we have launched AirCASH, a service for business owners that allows them to obtain cash in advance based on their future revenue, AirINVOICE, an invoice management service with their smartphone, and most recently, AirWORK Payroll, a monthly payroll transfer service.

We will focus on expanding the three KPIs, in order to solidify the ecosystem consisting of the matching platforms of each vertical and Air BusinessTools, which will serve as the foundation of our strategy.

Slide3-15

Over the next three to five years, Marketing Solutions aims to refine the strength of its existing vertical matching platforms and lay the groundwork for new businesses, such as fintech services, that could serve as a new source of revenue in the future. As we continue to evolve, we expect to increase the lifetime value and revenue generated by our business clients by promoting circulation within our ecosystem and encouraging business clients to make greater use of it.

In FY2022, Adjusted EBITDA margin in Marketing Solutions was approximately 25%, including our investments in SaaS solutions, which are not contributing to profits. We plan to improve productivity by utilizing technology and leveraging our robust vertical matching platforms. Additionally, we will invest in SaaS solutions and explore future business opportunities while continuing to operate efficiently.

Our goal is to create an ecosystem that is essential to our business clients' operations in Japan that simultaneously helps improve their productivity and profitability. We aim to accomplish this by advancing our "Help Businesses Work Smarter" strategy.

Thank you.

Progress on Prosper Together

Slide4-01

Senaha: Hi, I'm Sena, COO and director of Recruit Holdings. Today, I'd like to speak about Prosper Together, the third pillar of our corporate strategy.

Slide4-03

In 2021, we set five ESG targets for 2030. 2022 was the second year of this 10 year journey.

In our first year, we focused on discussing frameworks and mid-term goals. We are starting to see tangible signs of progress in the second year through the evolution of our products and services.

Slide4-04

Our first sustainability goal focuses on climate action.

We will achieve our short-term goal as planned by reaching carbon neutrality throughout our business activities in FY2022.

Slide4-05

It is also important to note that we have contributed to the avoidance of GHG emissions through our products. For example, on our Indeed Interview, job interviews can now be conducted entirely online - cutting out the travel previously needed to attend interviews.

Slide4-06

The GHG emissions avoided from this product is equivalent to the charging capacity of more than 1.5 billion smartphones.

Slide4-07

Next is the Social pillar - an ESG target where we have the opportunity and platform to provide a distinct positive impact.

Slide4-08

We are committed to shorten the time it takes to get hired by half by FY2030 through making job matching significantly faster.

Slide4-09

There are still many processes involved in hiring and they are long and stressful for both job seekers and employers. The challenge in front of us is to make this process simple and fast.

In FY2022, we observed several signs we were "getting closer to the hire".

Slide4-10

Let me share some examples on how.

Slide4-11

Employers who utilized Indeed Assessments for screening were able to hire 16% faster.

Slide4-12

Indeed Assessments lets job seekers proactively take assessments, offering a way to showcase their skills to potential employers.

Slide4-13

Another example of how we're getting closer to the hire comes with the evolution of Indeed's "Pay Per Application" or PPA model.

Slide: Social Impact - ½ PPA

Slide4-14

We are currently testing a new pricing model that charges only when employers receive an application from job seekers that meet their preferences.

Slide4-15

We observed that job seekers hired through this pricing model had a 17% shorter search duration than those hired to pay per click jobs. In addition, Indeed research shows that more than 80% of employers report that they believe they should only pay when they receive a quality candidate from an online job site.

Slide4-16

For job seekers, the job search duration becomes shorter. For employers, time and labor for hiring becomes less. They are also happier if they are charged only for quality applicants. Refining and updating our product in this way will first and foremost help simplify hiring,

Slide4-17

and we believe will also help our financial growth in the long run.

Two years have passed since the release of our ESG Commitment. I am once again convinced that our goal to shorten the time it takes to get hired by half has great potential for both social impact and business growth. To achieve our goal, we will continue to evolve our products while listening to our users and clients' needs.

Slide4-18

However, job seekers from underrepresented or vulnerable groups face barriers that are difficult to remove through improving matching quality and efficiency alone.

Slide4-19

For example, "education" is a common barrier around the world when looking for a job.

We believe hiring should be determined by whether a candidate has the skills and abilities to do the job, not by unrelated labels.

Slide4-20

However, according to a study, 60% of employers said they have rejected candidates because they do not have sufficient education requirements,

Slide4-21

even though they have adequate skills and abilities.

Slide4-22

This is why we are also committed to helping 30 million job seekers facing barriers get hired by 2030. This past year, we have identified five barriers that we are working to reduce, including education.

Slide4-23

It is easier to see the product to understand what we've done.

This is a screen preparing to post a job at a call center.

Slide4-24

Education was automatically recommended, as a screening question based on the data that past jobs in the same job category often used.

Slide4-25

On the other hand, there is the question of whether a college degree is really necessary for this job.

Slide4-26

So we conducted a test to see what would happen if we stopped recommending educational requirements from the screening question.

Of course, jobs that really do require a college degree can add it on their job postings. The test removed education requirements from the initial set of recommended screening questions.

Slide4-27

The results of this experiment were clear. Jobs without a college degree requirement increased. We saw a rise in job applications, hinting that the test has no negative impact on hiring.

Slide4-28

After successful product testing and fully rolling out this update in the US,

we observed a 37% decrease in jobs requiring a college degree.

We also found that job postings not requiring a college degree received about 10% more applications on average,

Slide4-29

which increases the possibility of successful hires.

Slide4-30

Through making product advancements and partnerships, we are proud to have been able to help 3.9 million job seekers facing barriers get hired in the first 2 years of our journey.

Slide4-31

Finally, in order to achieve gender parity across the Company,

Slide4-32

we are accelerating our efforts toward our three-year goal.

We will propose a new woman candidate to the board at the annual general meeting of shareholders in June. If the proposal is approved, the percentage of women in the Board of Directors members will increase from 27% to 33%.

Slide4-33

This appointment will also broaden the diversity in terms of nationality, age, skills, and experience.

We recognize we have set very ambitious goals that won’t be easy to achieve. But because it is not easy, we believe exceptional ideas and innovations will be born out of it.

We will continue taking on challenges. In turn, together with our stakeholders, we will achieve true social impact and long-term growth whereby we can all prosper together.

[END]

Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions and outlook for the future and estimates based on information available to the Company and the Company's plans and expectations as of the date of this document or other date indicated. There can be no assurance that the relevant forecasts and other forward-looking statements will be achieved.

Please note that significant differences between the forecasts and other forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users’ preferences and business clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, climate change or other changes in the natural environment, the impact of the spread of COVID-19, the occurrence of large-scale natural disasters, and other factors.

Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.