

This is an English translation of Update on Marketing Matching Technologies SBU and discussion on Marketing Matching Technologies SBU which was conducted in Japanese.

Recruit Holdings Q3 FY2025 Earnings Call and Update on Marketing Matching Technologies SBU
February 9, 2026

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Update on Marketing Matching Technologies SBU

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Ushida: I'm Ushida, Head of Marketing Matching Technologies, or MMT, since April of last year.

Today, I'd like to share an update on the evolution of our business model in MMT. Building on our "Help Businesses Work Smarter" strategy in Japan, we are focused on driving growth alongside our business clients.

By integrating this strategic evolution with AI, we aim to deliver revenue growth and expand EBITDA+S margins across MMT.

Later in the presentation, I will dive into the specifics of our recent initiatives in Beauty and discuss how we plan to extend this approach to other subsegments and verticals.

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Recruit Holdings was founded in 1960, starting with a new graduate recruitment advertising business in Japan.

As we expanded our HR businesses, we entered Housing & Real Estate in 1976, which marked the beginning of our Marketing Solutions business, now known as Marketing Matching Technologies (MMT).

We subsequently expanded our print media business into Travel, Automobile, and Bridal. In each vertical, we established unique brands aimed at enriching the lives of individual users while driving growth for our business clients.

Recognizing the unique characteristics of each vertical, we have always focused on building and refining business models designed to address mismatches found in each market.

Starting in the early 1990s, we transitioned from print to online advertising media, eventually evolving into matching platforms that today are integrated with SaaS solutions to support business operations.

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Regarding our business model: aside from Travel, which adopted a transaction fee model upon shifting online, our other subsegments and verticals initially operated with a traditional "Advertising-Based Model."

We later shifted many of these to "Expected Action-Tiered Plans," which offer pricing options structured around the number of expected user actions and customer acquisition costs.

Looking toward FY2025 and beyond, we are taking the next step by introducing a "Gross Merchandise Value (GMV)-linked model."

Our business model constantly evolves and grows to adapt to changes in the business environment, user needs, and the value we deliver to our business clients.

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MMT operates matching platforms under unique brands across a diverse range of verticals.

These are organized into the Lifestyle subsegment, comprising Beauty, Travel, Dining, and SaaS solutions, along with Housing & Real Estate, and Others, which covers Automobile, Bridal, Education, and others.

In each of these verticals, we hold one of the largest individual user bases in the industry, and have maintained a leading market position in Japan for many years.

In terms of revenue, Housing & Real Estate is our largest subsegment, followed by Beauty. These are also the businesses that generate the highest EBITDA+S margins.

The Lifestyle subsegment, which includes Beauty, accounts for approximately 52% of the revenue of MMT. Until last fiscal year, this was Marketing Solutions of the former Matching & Solutions.

Starting this fiscal year, however, we are reporting results and disclosing guidance for MMT as one of Recruit Holdings' three core business segments.

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For the full-year outlook, revenue in MMT is expected to be 566.8 billion yen, an increase of 5.1% year over year.

EBITDA+S margin is expected to be 27.1%, reflecting our progress in improving efficiency.

Our strategy is to concentrate resources on high-growth areas while driving efficiency across the entire segment. This will enable us to expand both revenue and EBITDA+S margins.

Looking ahead, we aim to raise the EBITDA+S margin to 30% next fiscal year, and we are targeting 35% by FY2028.

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Now I would like to further explain our matching platforms and their evolution.

Thanks to the dedication and ingenuity of our team, we have established platforms that facilitate massive and timely matching between approximately 65 million individual users¹ and 970,000 business clients² annually.

Business clients sync real-time booking availability, service and product information through our SaaS solutions, and individual users with a RECRUIT ID take actions like booking reservations, sending inquiries, or requesting information.

Currently, we offer "Expected Action-Tiered Plans" in many verticals.

Moving forward, we plan to introduce a "GMV-Linked Model." By combining this with new AI initiatives to further drive business client revenue, we aim to increase revenue in MMT as well.

Under the "GMV-Linked Model," we receive fees based on the business client's GMV, or Gross Merchandise Value, which is the total value of transactions resulting from matches on our platform.

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For individual users, RECRUIT ID drives synergies across our verticals and supports integration and operational efficiency across MMT. It serves as one of the foundations supporting our mid- to long-term growth.

Individual users register for a RECRUIT ID and earn RECRUIT POINTS based on their actions. They can then use these points across multiple vertical platforms, which encourages cross-use of our services.

As of December 31, 2025, the total number of RECRUIT ID accounts reached 97 million.

By age group, 93% of the Japanese population in their 20s and 80% in their 30s are active users who log in with their RECRUIT ID at least once a year.

We believe these users will continue to utilize our platforms over the mid- to long-term, using Lifestyle subsegment services for their daily lives, and services such as Housing & Real Estate and Automobile, as they progress through different life stages.

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For business clients, "Air BusinessTools" is the suite of SaaS solutions for business and management support.

We offer cross-vertical services such as AirREGI, a point of sale (POS) system for sales management and AirPAY for payments.

We also offer vertical SaaS solutions, such as SALON BOARD in Beauty, which is integrated with AirREGI, and RESTAURANT BOARD in Dining.

These solutions enable business clients to centralize data management, consolidating information that previously had to be handled across multiple disparate tools, and to visualize key management metrics.

By improving operational efficiency and reducing operating expenses, business clients can create an environment where they can focus on planning and executing strategies to drive their own revenue growth.

Crucially, this unique data regarding reservations, payments, and sales is securely synchronized with our systems, enabling us to leverage it to deliver targeted business improvements and management support to our business clients.

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Backed by the broader increase in online activity in Japan, we have seen a continued virtuous cycle of growth in both the number of business clients and individual users.

As a result, the total number of annual actions on MMT platforms increased from approximately 190 million in FY2017 to approximately 370 million in FY2024 (excluding cancellations).

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Building on this, we will promote cross-use across multiple vertical platforms by individual users with RECRUIT IDs.

In addition, we will leverage the reservation, payment, and sales data accumulated on our platforms by using AI to propose improvements in services and pricing to business clients. We believe we can increase the number of user actions and matches, thereby driving the growth of our business clients' GMV in each vertical.

We plan to progressively implement the "GMV-Linked Model" in verticals where our contributions have successfully driven revenue growth for our business clients. Through this approach, we will share in the value we help to create and aim to achieve revenue growth for MMT.

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I would like to explain in more detail, using our recent initiatives in Beauty as an example.

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In Beauty, we operate HOT PEPPER Beauty, the leading search and booking matching platform. The number of bookings has grown from approximately 2.9 million³ in FY2011 to approximately 160 million³ in FY2024 (excluding cancellations).

Several factors have driven this growth. First, we adopted a strategy to sequentially expand our coverage nationwide through local sales activities. We provided hands-on support, accompanying salons through the initial operational setup and launch.

This led to an increase in the number of business clients, which in turn enhanced choices and convenience for individual users, creating a "virtuous cycle" of user growth.

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Furthermore, our specialized vertical SaaS solution, SALON BOARD, serves as the foundation supporting this virtuous cycle by enabling real-time online reservations.

We believe that our uniqueness and strength lie in our integrated offering of customer attraction platforms for individual users and operational support SaaS solutions for business clients.

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HOT PEPPER Beauty is our comprehensive beauty matching platform for search and booking covering hair, nail, eyelash, esthetics, and relaxation salons, as well as aesthetic medical clinics.

On this platform, individual users can seamlessly manage their entire journey: search for salons and specific styles, make real-time online reservations, and complete payments via our mobile app or website.

Currently, it serves more than 12 million monthly average active users⁴.

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SALON BOARD is our dedicated SaaS solution for beauty industry business support that allows business clients to centrally manage everything from reservation availability to accounting and sales.

It is equipped with the functions of AirREGI, enabling wide-ranging support for business clients' back-office operations, from sales management to analysis. Through SALON BOARD, business clients can also manage their availability and set prices on HOT PEPPER Beauty.

The image you see now is the SALON BOARD interface that business clients use in their daily operations.

On the sales management page, business clients can understand daily sales figures and customer numbers at a glance. By simply switching tabs, they can easily check various business-related items, such as reservation status and marketing content posted on HOT PEPPER Beauty.

This data is securely shared with us via our systems and is utilized to propose actionable operational improvements and management support to business clients.

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The estimated market size of the beauty industry in Japan is approximately 2.7 trillion yen in terms of total business revenue.

Meanwhile, the GMV generated through HOT PEPPER Beauty expanded to approximately 1.1 trillion yen last fiscal year. This growth was driven by an increase in reservation volume and higher unit prices resulting from users opting for high-value-added services. The 5-year CAGR from FY2019 to FY2024 was 14.2%.

We define our TAM for Beauty as the total online and offline promotion and advertising expenses in the Japanese beauty market. While policies vary by salon, these expenses are generally estimated to range from 5% to 10% of their revenue.

Based on our revenue outlook of 126.6 billion yen for this fiscal year, we believe we have already established a leading position in the online market.

We recognize that some in the capital markets may be concerned that the future upside for Beauty is limited.

However, I believe that by contributing to the revenue growth of our business clients, their budgets for promotion and advertising, our TAM, will effectively expand. This, in turn, will enable further revenue growth in Beauty.

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Under the "Expected Action-Tiered Plan," revenue in Beauty grew at a 5-year CAGR of 7.4% from FY2019 to FY2024. This growth was driven by the expansion of user reservations, which led business clients to upgrade to higher-priced plans.

However, because our revenue was not linked to GMV, this growth lagged behind the GMV CAGR of 14.2% over the same period. Consequently, the ratio of revenue to GMV dropped from nearly 20% in FY2016 to just over 10% today.

Our approach is not to simply raise fees unilaterally. Instead, we aim to contribute to the growth of GMV by continuing to provide high-value-added solutions, and in return, receive a portion of that created value as fees.

Based on this philosophy, in Beauty, we launched the "GMV-Linked Model" in January this year, in addition to the existing tiered plans. The rate is set at 1% of GMV.

We expect the introduction of the "GMV-Linked Model" to deliver an incremental revenue impact for Beauty of approximately 12 billion yen in the next fiscal year.

From FY2027 onwards, we aim to accelerate the growth of Beauty by continuing to contribute to the sales growth of our business clients.

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I would also like to highlight specific measures that we expect will significantly contribute to GMV growth. As announced during the Q2 earnings call,

we explained that, in addition to our typical concentrated investment in the second half, we would increase promotion expenses exceeding initial projections.

We allocated approximately 5 billion yen, which represents the majority of this additional budget, to a major campaign in Beauty this month. This event offers 50% points back for the first 1 million reservations.

February is typically a slow season for the Japanese beauty market. By injecting additional marketing resources during this specific period, we aim to stimulate significant latent demand among individual users.

Moving forward, we plan to continue deploying promotion expenses at strategic moments to drive growth in user actions.

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Another key initiative is the integration of AI capabilities into SALON BOARD. Some of our business clients are already leveraging this feature to optimize pricing and design targeted promotional campaigns.

As shown here, business clients access the "AI Business Advisor" within SALON BOARD.

With a single click, they sync the sales and reservation data they register daily.

For example, if a business client asks, "How can I increase the average unit price?", the AI analyzes the salon's actual data and immediately provides specific, actionable proposals to achieve that goal.

Currently, this is offered as a beta version with limited availability. However, we plan to roll this out to the majority of our business clients as soon as possible.

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We believe that introducing the "GMV-Linked Model" in Beauty aligns with our MMT strategy, "Help Businesses Work Smarter," and will lead to enhancing the earning power of business clients all across Japan.

This business model enables us to boost profitability and productivity for our business clients, and we receive fees for our contribution. As we thoroughly validate this model in Beauty, we plan to expand it to other subsegments and verticals.

In fact, in Travel, we have utilized a transaction fee model since the launch of our online platform. In Dining and Housing & Real Estate, we have already begun introducing the "GMV-Linked Model" in select services.

Moving forward, as the "GMV-Linked Model" expands across MMT, combined with leveraging internal use of AI to advance operational efficiency, we believe we can achieve higher EBITDA+S margins.

Even with the declining population in Japan, the introduction of the "GMV-Linked Model" unlocks significant growth potential for both our business clients and MMT.

We look forward to demonstrating this continued growth through our performance and results.

- ¹ Total number of unique users who performed a specific action, such as making a reservation or inquiry (excluding cancellations), in Beauty, Travel, Dining, Housing & Real Estate, Automobile, Bridal, and Education verticals from January to December 2025.
- ² The cumulative number of listed stores and business locations as of December 1, 2025, in Beauty, Travel, Dining, Housing & Real Estate, Automobile, Bridal, and Education verticals, combined with the total number of stores and business locations using MMT's SaaS solutions (if a single store uses multiple services, it is counted for each service).
- ³ Number of completed bookings (excluding cancellations) on HOT PEPPER Beauty.
- ⁴ Monthly average number of users who made bookings (excluding cancellations) on HOT PEPPER Beauty from January to December 2025.

Discussion on Marketing Matching Technologies SBU

Jun: Thank you for the presentation, Ushida-san. I have a few questions.

First of all, regarding the "GMV-Linked Model" introduced in Beauty, is our understanding correct that a 1% transaction fee based on GMV has been added to the existing "Expected Action-Tiered Plan"?

Furthermore, why was it not possible to introduce this model in Beauty until now, and what is the rationale for not transitioning fully to a transaction fee model?

Ushida: Yes, that is correct. We are not simply replacing our existing models with a "GMV-Linked Model." Instead, we are introducing a transaction fee of 1% of GMV as an add-on to our current plans.

This evolution has been well-received by our business clients.

Historically, MMT has focused on driving revenue for our business clients by increasing mainly the number of bookings. Recently, however, as the adoption of our AI solutions accelerates and unit prices increase in an inflationary environment, we have seen more opportunities to directly contribute to improving unit prices as well.

This is precisely why we believe now is the right time to begin incorporating a model linked to our business clients' revenue, or GMV.

At the same time, you may wonder why we aren't moving fully to a transaction fee model. In Beauty, for instance, repeat bookings depend not only on the power of our platform but also significantly on the stylist's skill and hospitality. We believe that charging for the entire outcome would not align with our business clients' sense of fairness.

Therefore, we have now intentionally chosen a hybrid model that combines fixed and variable components.

Jun: Ushida-san, regarding our new initiatives and future outlook for Beauty, please share your perspective on two areas. First, what exactly should our business clients expect in terms of value? And second, what kind of changes or benefits will individual users experience on their end?

Ushida: First, for our business clients, we believe we can significantly expand the scope of support we can offer.

By incorporating GMV-Linked variable fees, we will be able to sharpen our focus on maximizing revenue for our business clients.

Specifically, we will drive revenue growth through optimization utilizing AI and strategic demand generation initiatives, such as our 'Bibibi-festival', which aims to stimulate demand by investing in promotion expenses.

For example, business clients can leverage AI to analyze daily salon data to design service menus tailored to a stylist's specific strengths, including expertise in short cuts or Korean-style looks. This approach helps increase both unit prices and the number of customers, which leads to higher overall revenue and improved compensation for the stylists.

Furthermore, we aim to drive revenue growth for salons by providing strategic recommendations to level out occupancy across the week. We are also designing pricing models optimized for repeat bookings based on the concept of LTV, or Lifetime Value.

From the perspective of individual users, while we will continue to provide a platform where it is easy to make bookings, we believe the primary benefit lies in the ability to discover their ideal salon or stylist. Our goal is to ensure they can enjoy these services at the optimal timing and price, and we strive to deliver this enhanced, personalized experience moving forward.

Jun: You deliver a good result for both sides. In today's presentation, it was mentioned that the average promotion and advertising expenses ratio for businesses in the Japanese beauty market is generally said to be around 5% to 10% of revenue.

On the other hand, as you noted, our revenue in this vertical historically accounted for nearly 20% of GMV, and even with recent declines, it remains slightly above 10%. How should we interpret these figures?

Furthermore, are you considering any future changes to the 1% fee rate for the newly introduced "GMV-Linked Model" in Beauty?

Ushida: The market average typically includes a wide range of salons, including those that do not actively invest in advertising.

In contrast, our platform is primarily utilized by actively investing business clients, such as newly opened salons focused on building their initial customer base or those who proactively allocate promotion and advertising expenses as a strategic investment for expansion.

Consequently, their promotion and advertising as a share of revenue typically exceeds the market average.

Ultimately, we believe our current revenue level has been sustained because our business clients are satisfied with the tangible customer acquisition results and the overall ROI provided by our plans.

Regarding your question about future changes to the GMV-Linked fee rate, our primary focus is to ensure the continued satisfaction of our business clients. Our objective is not to unilaterally increase the fee rate.

The true strategic intent behind introducing the "GMV-Linked Model" is to create a framework where we grow together with our business clients.

Our priority is not simply 'raising the rate,' but rather demonstrating how much we can expand our business clients' revenue (GMV) through our AI and strategic demand generation initiatives.

We will continue to seek the optimal balance by evaluating the value we provide alongside the evolving needs of our business clients.

Jun: That's interesting. Could you share your blueprint for evolution in other subsegments and verticals? Are Dining and Housing & Real Estate the specific areas where you expect significant progress moving forward?

Ushida: Rather than pre-selecting specific verticals to target, we are prioritizing tests in areas where data synchronization is most advanced and where we can clearly contribute to increasing revenue for our business clients through actionable improvement proposals.

In fact, we are already in the testing phase across multiple verticals, including Dining, Housing & Real Estate, and Automobile, while sharing the knowledge and insights gained in Beauty.

Naturally, the pace of digitalization varies across verticals, resulting in different timelines for growth in each area.

However, our blueprint is to deploy our winning playbook across all verticals. This involves leveraging our unique strength of combining promotion capabilities with data captured through our SaaS solutions to drive more matches. By further integrating AI, we aim to maximize GMV as part of this cross-vertical expansion strategy.

The members of our MMT team are all highly ambitious and talented, and I look forward to seeing new possibilities unfold across various verticals.

Jun: It sounds very exciting. Next, this is a relatively general question, individual user behavior online is shifting toward using AI applications as the primary entry point. How do you view the potential impact of this shift on MMT?

Ushida: As you pointed out, we see a growing trend of users utilizing conversational AI as an entry point for gathering information and making decisions, a shift that is particularly prominent among younger generations.

While this has not yet resulted in a full-scale replacement of traditional search, we recognize this as a critical structural change that could transform user touchpoints.

However, regardless of how the entry point evolves, the core of our value proposition remains the same, as we continue to focus on refining the experience for individual users and increasing the accuracy of matching with our business clients.

Therefore, to provide a seamless experience from discovery to booking and final conversion, we are prioritizing the optimization of the user journey in the AI era.

Jun: Thank you. In Japan, is there any collaboration or synergy between MMT and HR Technology?

Ushida: Yes, we do see significant synergies.

In Japan, the ability to utilize the RECRUIT ID across both MMT and HR Technology generates powerful synergies.

In fact, we are seeing clear examples of cross-use. For instance, younger users who first register for a RECRUIT ID through HOT PEPPER Beauty expand their usage to our HR Technology services, such as creating resumes or using our part-time job platforms.

Moving forward, we will continue to enhance the user experience by optimizing our services through this unified ID infrastructure.

Jun: Lastly, I have a question regarding the overall MMT.

The plan is to continue evolving, with a target EBITDA+S margin of 30% for next fiscal year and 35% by FY2028.

Based on our discussion today, can we look forward to the margin potentially exceeding these figures by a significant amount as revenue continues to grow?

Considering your comments on AI integration, if you can increase revenue through higher GMV for business clients while improving operational efficiency, would that expectation be realistic?

Ushida: First, we are focused on steadily achieving our EBITDA+S margin targets of 30% for the next fiscal year and 35% by FY2028.

As we discussed today, the expansion of our "GMV-Linked Model" and the integration of AI do create room to simultaneously drive revenue growth and operational efficiency. In the mid to long term, we believe these factors will act as a tailwind for margin improvement.

At the same time, we will not simply let all efficiency gains drop to the bottom line. If we identify opportunities to expand the GMV of our business clients, such as through demand generation or product enhancements, we will invest flexibly and decisively. Therefore, depending on the timing of these investments, there may be periods where the EBITDA+S margin fluctuates in the short term.

Our priority is to execute our strategy toward our targets and demonstrate our progress through results.

To all our capital market participants, we invite you to look forward not only to our HR Technology, which already carries high expectations, but also to the future growth and potential of MMT.

Jun: Thank you very much.

I am certain that today's presentation by Ushida-san has significantly increased the interest of all capital market participants in MMT. I expect we will see a sudden surge in requests for meetings with him.

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.

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