

In our Media & Solutions SBU, a number of vertical media platforms and related businesses are divided into two major operations: Marketing Solutions and HR Solutions.

Marketing Solutions focuses on Housing and Real Estate, Bridal, Travel, Dining, as well as Beauty and various other areas through our media which are mainly our online platforms. With this focus, we provide individual users a multitude of choices, and advertising services for enterprise clients including SMEs to aid them in attracting individual users. We also support SMEs with operational and management support services through Air BusinessTools, our SaaS solutions.

In HR Solutions, we provide services that support individual users' job search activities and enterprise clients' recruiting activities through our media and online platforms and placement services.

Business summary		Main service	FY2018 Revenue Billions of yen (YoY growth)
Marketing Solutions			
Housing and Real Estate	The Housing and Real Estate business operates SUUMO, an online platform and print media, which provides information related to home purchases, sales, rentals, and renovation services. SUUMO Counter offers in-person consultation services for purchasing newly built condominiums and custom designed homes.		104.1 (+6.1%)
Bridal	The Bridal business operates Zexy, a magazine and online platform, which provides comprehensive information to organize customized wedding events. Zexy also provides in-person consultation services for selecting wedding facilities.		54.9 (-0.9%)
Travel	The Travel business operates Jalan, an online platform and print media, which provides information about hotels, guided tours, and sightseeing locations in Japan. The Jalan online platform also offers an online booking service in addition to providing travel information.		61.6 (+4.7%)
Dining	The Dining business operates Hot Pepper Gourmet, an online platform and print media, which provides information about restaurants as well as discount coupons. The Hot Pepper Gourmet online platform offers various services to users such as online booking and a scheduling function for invited guests.		38.8 (+4.0%)
Beauty	The Beauty business operates Hot Pepper Beauty, an online platform and print media, which provides users with information about hair treatments, relaxation, and other beauty treatment salons. The Hot Pepper Beauty online platform offers an online booking service as well as a searching functionality to find available time slots of selected hair stylists, nail technicians, etc.		72.0 (+12.9%)
Others	Others include Car Sensor, an online platform and print media providing information on pre-owned automobiles for potential buyers, Study Sapuri, an online learning support platform for students and adults. Also, we provide Air BusinessTools, which are cloud-based operational support services for SMEs such as shops and restaurants.	  	68.7 (+6.0%)
HR Solutions			
Recruiting in Japan	Recruiting in Japan operates online job boards (Rikunabi for new graduates and Rikunabi Next for professionals), employment placement service Recruit Agent, and an online platform and print media for part-time job seekers, TOWNWORK.	   	283.9 (+4.9%)
Others	Others in HR Solutions offers HR development business in Japan and placement service in Asia.		32.8 (+38.3%)

¹ The sum of Marketing Solutions and HR Solutions does not correspond with segment revenue due to Eliminations and Adjustments, such as intra-group transactions.

Mid-term Strategy

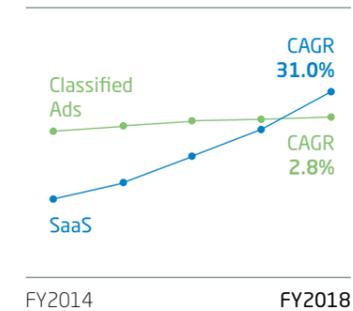
We intend to focus on achieving further growth of our existing advertising businesses in both Marketing Solutions and HR Solutions, by providing valuable information and services to individual users and help enterprise clients including SMEs to effectively attract users and recruit and hire talent, in various business areas such as Housing and Real Estate, Bridal, Travel, Dining, Beauty, and Recruiting in Japan.

We believe that we have identified a significant untapped opportunity in providing value-added SaaS solutions to SMEs, which can help their businesses potentially reduce operational and managerial costs.

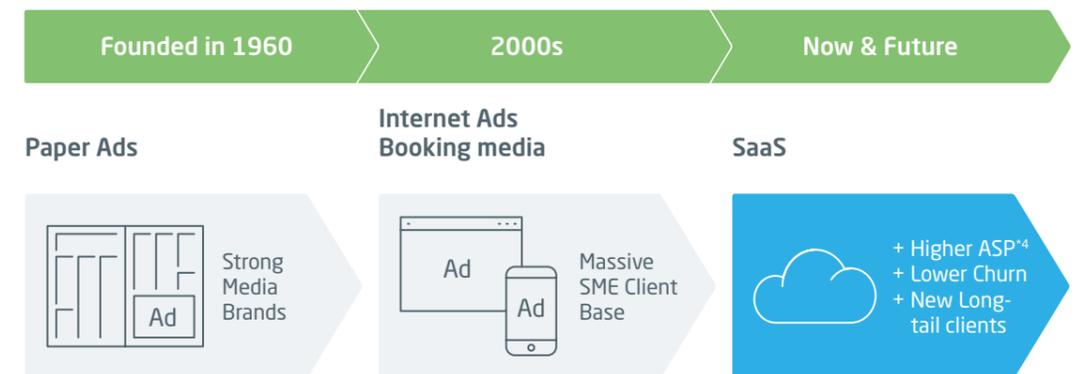
With our nationwide sales force deepening relationships through frequent interactions with SMEs, we will expand our SaaS solutions with the provision of Air BusinessTools, a comprehensive bundled suite of cloud-based solutions to support day-to-day management and operations, including reservation, CRM, POS system, payments, workforce management, hiring functions and other areas. Combining the SaaS solutions with our existing advertising businesses can enhance the growth of the Media & Solutions business. We have seen significant expansion of our SaaS solutions in recent years. The number of registered accounts for SaaS solutions² has surpassed that of advertising accounts (see the chart on the left). The SaaS business contributes not only to increasing revenue per client and lowering the churn rate with existing clients, but also to expanding our enterprise client base, especially among SMEs such as smaller retailers. By further accelerating the expansion of our SaaS business, we will support the operational and managerial functions of our SMEs to help their businesses work smarter, as we have since the founding of Recruit Group.

We will aim to generate stable revenue growth and maintain the current high level of adjusted EBITDA³ margin by executing the strategies mentioned above.

Total number of Accounts ^{*2}



Registered accounts for our SaaS solutions² increased at a CAGR of 31% from March 31, 2015 to March 31, 2019. Growth in registered accounts for SaaS solutions² significantly exceeded the growth in accounts for classified advertising services.



² Registered accounts for SaaS include multiple accounts of the same enterprise clients including SMEs for different types of SaaS solutions offered mainly through Air BusinessTools. The accounts of classified ads and SaaS include the freemium users. The accounts are as of fiscal year end.

³ Adjusted EBITDA = operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expense

⁴ Average Selling Price

■ Transforming ourselves through diversity



Yoshihiro Kitamura
Head of Media & Solutions SBU

59 years of commitment to change

The Media & Solutions SBU has inherited and improved upon Recruit Group's core businesses while continuing to provide new values by tackling the challenges faced by individual users and enterprise clients. Our ability to change ourselves in response to the needs of the society and time in which we live is our strength, and it provides the foundations and infrastructure that support our SBU.

For example, when we started the online reservation service for our Beauty business in Marketing Solutions in 2007, there were less than 100 appointments booked per month through our online reservation platform. Now, over 300,000 salon appointments are booked online in a single day. More than a decade has passed and the business has continued to evolve: revenue for the Beauty business in FY2018 was 72 billion yen, an increase of 12.9% compared to the previous fiscal year, turning it into a sustained high-growth business.

Making appointments online is very common these days. If a service achieves widespread popularity, neither individual users nor enterprise clients are surprised by it or appreciate just how convenient it is compared to the past—it's just a given that these services exist. In this way, we are now planting as

many seeds as possible so that in ten or twenty years, when we look back at today, we can say, "That was it! That was when we changed the game!" This is why continuous change and innovation is essential.

A place where unique talents gather

Currently, in the Media & Solutions SBU, we are transforming our advertising business, which has been our core business since the foundation of the Group, using technology such as SaaS solutions.. Through this process we are maintaining the constant pursuit of evolution and trying new approaches to push ourselves to challenge the status quo. We believe that the attitude of humbly seeking improvements inspires us to find better ways of doing things, which ultimately delivers more value to the world.

Within the Media & Solutions SBU, our people are a core strength. We come from a wide variety of backgrounds, and everyone has different areas of experience and capabilities. Here, these many unique talents are gathered in a single place. Sometimes, former employees return to the company or become involved in our business in a new way—both things that we welcome. The breadth of diversity of our employees is reflected in the results of our internal survey. Their unique talents complement each other, resulting in new

ideas and new value. It is crucial that we provide a supportive environment for our people to generate ideas, which is how we can create new value.

The evolution of technology and the strengthening of governance

While helping fuel our transformation, the evolution of technology brings new risks. Consequently, we recognize that it is essential to manage these appropriately. In particular, to maintain a sustainable business, the protection of personal information and cybersecurity, as well as other aspects of risk management, are critical. For this reason, the entire

Media & Solutions SBU is strengthening governance in a way that supersedes organizational divisions. We consider the evolution of technology to be an inescapable force, similar to gravity. Going against it is difficult, and if we are to realize a better world, we must embrace it. We are committed to pushing forward with our transformation, making full use of the latest tools available to us, while always keeping the extreme importance of risk management and compliance in mind.

■ Risk management **Kentaro Mori** Corporate Executive Officer, Risk Management, Recruit Co., Ltd.



Up until now, in the Media & Solutions SBU, we have promptly responded to changes in the business environment through quick decision-making based on our delegation system. At the same time, it is necessary to take a holistic viewpoint that accounts for both increasingly complex industry regulation and the expectations of society.

Operating many online platforms as we do, privacy management, including the protection of personal information, is one of the most important aspects of our business. We will increase the effectiveness of our risk management and further strengthen our governance system. Specifically, we plan to establish a team dedicated to privacy management and integrate legal functions in the Media & Solutions SBU in Japan. Also, we have established an Advisory Committee on data utilization which is comprised of both internal and

external members to more appropriately reflect the needs of society, including our users. We have committed to revising our privacy policy to be more user-centric. We will also continue to provide our employees with ongoing training focused on privacy issues and personal data protection to reinforce the importance of privacy management.

We believe that the goal of risk management is the improvement of our enterprise value and the prevention of damage to it. Because each of our businesses has earned a competitive position in its marketplace, it is even more important to ensure that each business is scrutinized from both legal and ethical standpoints. Moving forward, we will identify priorities and execute highly effective risk management while carefully monitoring advancements in technology and social trends.



Recruit-CSIRT: Cybersecurity award winners

Recruit-CSIRT provides early detection to prevent cyberattacks, minimizing damage to Recruit Group's businesses in Japan. In February 2018, its advanced security measures and exemplary CSIRT activities were recognized and awarded the Encouragement Prize by the Minister of Internal Affairs and Communications.

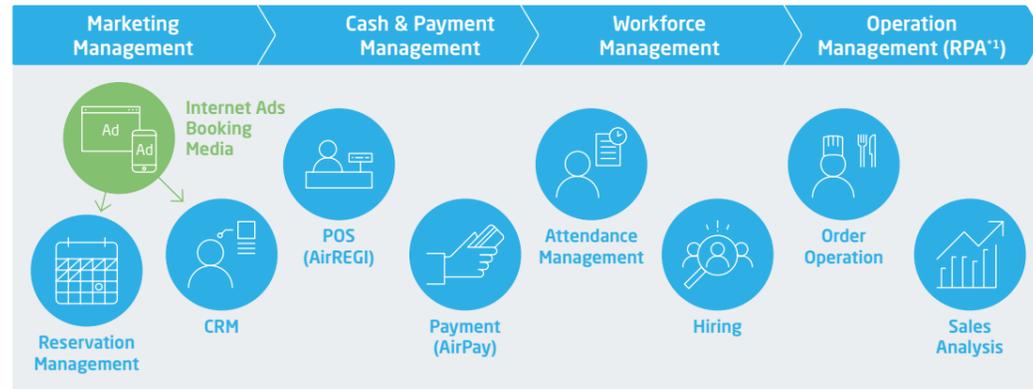
For further information on Recruit Group's risk management, see p79/80

Media & Solutions Stories

Air BusinessTools

Air BusinessTools is our SaaS solutions, a comprehensive bundled suite of cloud-based solutions to support management and operations of SMEs, such as small retailers, in areas including reservations, CRM, POS

system, payments, workforce management, and hiring functions. These value-added SaaS solutions contribute to enhancing the efficiency and productivity of SMEs, by reducing their operational and managerial costs.



AirPay: Electronic in-store payment service

AirPay is a payment service provided as a function of Air BusinessTools that supports 26 types of payment methods*2 including credit cards, e-money, QR, and points. Being able to use various payment methods in a single store benefits both customers and SMEs.

The Japanese government's promotion of cashless payment methods has also increased demand for in-store payment services and as such has helped fuel the adoption of AirPay.



Supported payment solutions

credit cards	transport cards	e-money	QR		points	

*1 Robotics Process Automation
*2 As of August 31, 2019

Client success stories AirPay supports small businesses near Mt. Fuji



Tatsuya Kijima
Travel Sales Management Division, Regional Strategy Development, Recruit Lifestyle Co., Ltd.

Yudai Hayashi
Head of AirREGI Business Unit, Internet Business Development Division, Recruit Lifestyle Co., Ltd.

With Mt. Fuji being designated a World Heritage site, the city of Fujiyoshida is seeing a significant increase in tourists, including international visitors. However, very few of the local shops and hotels had accepted cashless payments, so we looked to address the fact that the city is not sufficiently equipped to meet the needs of consumers. With even more local revitalization plans in line for the future, AirPay is being introduced to more than 100 shops within the city, including shops on Mt. Fuji itself, and the entire region is moving towards accepting cashless payments, becoming able to better accommodate tourists. Tourists from overseas and mountain climbers do not carry much cash, so being able to accept credit cards and other payment methods to facilitate easy transactions ties directly into the revitalization efforts of the region. Shops that have begun accepting these payments have shared feedback such as, "It is so easy to operate even for a small shop like us," and "Our sales have increased thanks to the introduction of AirPay." In March of 2019, we entered into a comprehensive cooperation agreement with the city of Fujiyoshida for further local revitalization. We will take this initiative to other areas of Japan promoting cashless payments nationwide.

New business proposal system "Ring"

The Media & Solutions SBU functions as a hub for our new business proposal system "Ring," which is open to all employees of Recruit Group. Ring started in 1982, and has produced numerous businesses including the bridal information platform "Zexy" and the online learning service "Study Sapuri."

The themes are not limited to existing areas for Recruit Group, and all business proposals are welcome. Ring is the very embodiment of our Group's basic principle of creating new value, and it gives participants an opportunity to turn their own ideas into proposals to seek the support and resources to make them a reality.



In 2019, almost 1,000 new business proposals were submitted through Ring. More than 70% of these proposals were outside the scope of the proposer's primary job responsibility, and in this way Ring has become a vehicle for innovation that goes beyond departments and work duties.

Sustainability at the Media & Solutions SBU

Our activities to help promote a sustainable society



Students using online learning service Quipper in the Philippines

The foundation of our business model is to connect people who seek opportunities and organizations that provide them in various areas of daily consumption. This concept is directly aligned with Goal 10 of the UN Sustainable Development Goals (SDGs), which is the elimination of inequality among people and nations. Meanwhile, the outcomes produced by each of our services are different. By helping improve the productivity of SME clients with our Air BusinessTools, we believe that we will contribute to SDG Goal 8, which is focused on job satisfaction and economic growth. Our services for pursuing further education help advance progress towards SDG Goal 4 of quality education for all. By toppling these “SDGs Dominos” (see p25), we will contribute to the realization of a sustainable society and economy in which no one is left behind.

We are committed to continuing to create positive change for society while protecting the rights of all stakeholders, including users and clients, by running our core businesses while implementing such initiatives. We believe that this will lead to our achieving our sustainability objectives.

Recruit / Recruit Jobs: physical condition measurement for seniors

We support seniors who have given up working due to age barriers, such as mismatches in job content with physical capabilities. This nationwide program aims to help such individuals find suitable work by measuring and visualizing their physical strength, operational skills, personality, and other personal traits. As of May 2019, our program has been held at 30 locations nationwide.

Recruit: WORK FIT

“WORK FIT” is a free employment support program to help anyone find their ideal job. This program is customized not only for undergraduates, but also for people who are unemployed, in reform schools, or children in orphanages. Since 2011, approximately 30,000 people have participated in the program (as of March, 2019).

Recruit / Recruit Office Support: supporting athletes

Since 2018, we have had a sponsorship agreement with five athletes and one coach to encourage compatibility between work and athletic activities. Sitting volleyball player Jun Tazawa has won numerous national tournaments, while wheelchair tennis player Koji Sugeno is fourth in the world ranking in the quad class (as of September, 2019).



Sitting volleyball athlete Jun Tazawa

Recruit Sumai Company—LGBT-friendly housing search support

We offer guidance on LGBT-friendly properties, advice on buying homes, the introduction of shared mortgages, and other support so that users can find a home without obstacles, regardless of sexual orientation. Properties and agencies that explicitly state that they will not refuse consultation or move-in on the basis of a tenant identifying as LGBT are recognized as LGBT-friendly.

Recruit Career: “Sankaku”

We began offering working internships in 2018 as a means for people to broaden their scope of personal activities and have now had a total of over 2,000 participants. The program provides an opportunity for business people to broaden their careers without leaving their current positions, and engage with people and tasks outside of their current job environment.

Recruit: “iction!”

Started in 2015, project “iction!” is focused on concentrated working hours where employees can more easily balance their working lives with parenting. We have signed a cooperation agreement with the city of Kitakyushu to support women’s employment with the cooperation of the government and local companies. Through this activity, the rate of social return on investment (SROI) is about 14.6 fold, with a monetary value of approximately 200 million yen.



iction! Project