

Q&A at the Briefing of the Financial Results of the Fiscal Year Ended March 31, 2025

Questioner 1

I have a question about the Career SBU. You said that while revenue is forecast to increase 7% in FY2025, you want to achieve double-digit growth in FY2026. Do you expect the external environment to change, or will you achieve it through your own efforts in-house? What are your thoughts on the double-digit growth in FY2026?

CEO Wada:

One is that the external environment will change slightly in FY2026. The other is that we will have more people registered and expand the range of services for them by improving productivity and enhancing convenience with the use of technologies. We believe that these two factors will enable us to achieve double-digit growth.

Questioner 1

Regarding the external environment, the current movements of job seekers, which have been somewhat subdued due to the enhanced retention measures, will not change greatly from FY2024 in FY2025 but will ease a little and improve in FY2026. Is this your view?

CEO Wada:

That is correct. Job seekers are being retained temporarily with the increase in wages. However, we assume that, in two or three years, those who seek things other than compensation, that is, challenges and a new environment, will increase to a certain extent. We also believe that they will be active in making moves. The capabilities of human resources needed by companies will also change in the coming one to two years. We expect that, in this context, their activity level will be a step higher.

Questioner 1

I have a question related to the U.S. tariff problem. You explained that you did not factor it into your financial forecasts for FY2025. Do you see any change in client companies at present at the Career SBU, which is especially likely to be

affected by business confidence? Do you have any concerns?

CEO Wada:

Coming right down to it, we have yet to see any change at present. We have been checking customers' situations with extremely high sensitivity. At the moment, however, there has been no such move as holding down recruitment, cancelling job offers, or prolonging the recruitment period.

Questioner 2

I have a question about investments. You said that you will invest in facility management of the Asia Pacific SBU and Sharefull in the Others segment. How long will each investment last? Can you tell me about your future outlook?

CFO Tokunaga:

System investment in the Asia Pacific SBU is expected to last for about two years, or FY2025 to FY2026. We expect that marketing investment for Sharefull will continue in FY2025. On the other hand, we made a marketing investment to a certain extent in FY2024, so from FY2025 onward, we would like to control it to an extent by checking the top line while watching profitability, instead of increasing the investment.

Questioner 2

I have a question about Sharefull. Could you give me reference values that are also disclosed by your competitors, such as the number of registered members?

CFO Tokunaga:

In FY2024, the top line grew 60% to 70% year on year. We would like to disclose values in a timely manner by checking FY2025 results as well, partly because the scale is still small compared to the largest company.

Questioner 2

I understand that the Career SBU has agent, direct recruiting, and job board businesses. Which do you intend to focus your efforts on?

CEO Wada:

Basically, the agent business is our core business, and we will continue to

strengthen it. The job board is an essential connection to the agent. It is also evaluated as highly effective in the market. We would like to leverage this synergy and strengthen the agent business surely.

Questioner 3

Operating profit decreased significantly in FY2024 Q4. I think it was greatly affected by the Staffing SBU. What are the factors?

CFO Tokunaga:

Adjusted EBITDA of the Staffing SBU in Q4 decreased 29% year on year, to 4.3 billion yen. The first factor is that we increased marketing investment with a focus on job ads. Second, the Staffing SBU planned to implement system migration during FY2024 to FY2025, and expenses for the migration were generated mainly in FY2024 Q4.

Questioner 3

Which is greater, expenses for marketing investment, or costs related to system migration? How long will they last?

CFO Tokunaga:

In terms of monetary amount, the cost for marketing investment and that for system migration are on the same level. We executed marketing investment in Q4 of FY2024 in view of its impact at the beginning of FY2025. We would therefore like to control the investment by checking market conditions rather than continuing it in FY2025. On the other hand, regarding system investment, we currently expect the cost to be generated in the 2nd half of FY2024 through the entire FY2025, up until shortly after the beginning of FY2026.

Questioner 3

A comparison of financial forecasts for the 1st half of FY2025 with those for the 2nd half shows that the amount of profit is almost the same. However, the rate of its year-on-year increase is higher in the 2nd half than in the 1st half. Does this mean that the rate of increase in the 2nd half seems to be high because profit declined significantly in Q4 of FY2024?

CFO Tokunaga:

That's right. In the 2nd half of FY2024, we took steps such as strengthening marketing investment at the Staffing SBU with a focus on job ads. However, because an improvement is expected in FY2025, we forecast adjusted EBITDA of the Staffing SBU to increase year on year, to 16.3 billion yen in the 2nd half of FY2025.

Questioner 3

Operating profit of the overall company is forecast to increase 6.8% year on year in the 1st half, while it is expected to rise 25.2% in the 2nd half. Is this also mostly attributed to the same cause?

CFO Tokunaga:

While the Staffing SBU is one of the factors, we also forecast that adjusted EBITDA of the Career SBU will be 16.4 billion yen in the 2nd half of FY2025 as compared to 13.5 billion yen in the 2nd half of FY2024. We understand that increased profits at the Career SBU will also have a major impact on the overall profit increase.

Questioner 3

Adjusted EBITDA of the Career SBU decreased from 16.8 billion yen in the 1st half of FY2024 to 13.5 billion yen in the 2nd half of FY2024. Why?

CFO Tokunaga:

In the 2nd half of FY2024, we made a marketing investment that was 2.0 billion to 3.0 billion yen greater than usual, especially in Q4. This is the cause. We will continue marketing investment in FY2025, but we plan to make the investment in a balanced manner, so we expect profit to grow significantly year on year in the 2nd half of FY2025.