

Summary of Q&A at the Financial Results Briefing for the Second Quarter of the Fiscal Year Ending
March 2020 (held on November 13, 2019)

Q1. How about re-establishment of PROGRAMMED in Australia with which an impairment loss was recorded?

A1. The Maintenance business of PROGRAMMED has a stable profit structure, while its Staffing business urgently needs to be turnaround. To cope with the situation of declining profit of Staffing business that is partly due to sluggish economy in Australia, we have changed the local management to a top executive who has much experiences in both Maintenance and Staffing businesses, and are now re-establishing our business strategies to expand our customer base from existing major companies to small- to medium-sized corporations.

Q2. How about the response to the “Equal Pay for Equal Work” system?

A2. We are seeking the understanding of our corporate customers about the consideration of allowances to eliminate the treatment discrepancy between regular and nonregular employees. We believe that we will finally gain the understanding of customers successfully against the background of the current environment of labor shortage and the requirement by law. In medium- and long-term prospect, measures to respond to the “Equal Pay for Equal Work” system will lead to the growth of the temporary staffing market in terms of cost benefit for corporate customers. It will also contribute to the treatment improvement for fixed-term contract workers, benefiting temporary staff as well.

Q3. What is the reason for slowing down of the growth rate of the placement business in the Recruiting segment and when will it be recovered?

A3. Mid-career recruiting market environment remains the same, showing constant and strong demand in general. To respond to the market growth, we have been actively hiring new consultants. In addition, some staff of the “an” business, whose service is to be terminated, shifted to this business. Some time is necessary to make such members proficient ones through education, and that it will take at least about six months before improving the productivity again.