

Q&A at the Briefing of the Financial Results of the 1st Quarter

Ended June 30, 2021

(held on August 10, 2021)

Questioner 1:

In relation to the growth by approx. 20% in BPO sector of Staffing SBU in Q1 compared to last Q1, could you tell me the details with spot contract projects and regular contract projects? I would also like to know about the gross profit margin (GPM) of Staffing SBU.

CFO Seki:

It seemed that spot-contract projects accounted for approx. two thirds of the increase in BPO sector.

The GPM of Staffing SBU in Q1 was almost same as that of last Q1 because great success in BPO sector with high GPM offset clerical and administrative staffing sector with decreased GPM YoY mainly due to an increase in paid leave taken by staffs.

Questioner 1:

Please tell me your view on financial forecasts for Q2.

CFO Seki:

As for Staffing SBU, operating days in Q2 are 3 days less than those in Q1 and there are seasonal factors such as summer vacation. In Career SBU, Q2 is regarded as the season where hiring activities have been active since April come to settle down. Additionally, some SBUs plan to make investments for future developments, so we expect to see increased sales and decreased operating profit in Q2 compared to Q1.

Questioner 1:

As for Career SBU, the number of informal appointments of workers increased 1.3 times YoY as stated on the page 8 of the Q1 Results Presentation Slide, and I expected that profit would continue to increase in Q2. May I understand that increase of strategic investments will lead to an expected decrease in operating profit in Q2 from Q1?

CFO Seki:

Current financial forecasts for Q2 were made, taking into account the necessity to

make strategic investments under present business circumstances supported by steady market.

Questioner 2:

Am I right to understand that overseas business is improved to keep making profits steadily?

CFO Seki:

Asia Pacific SBU's business as a whole is being reorganized to generate profits continuously by cost reduction, improvement of business efficiency and so on.

Questioner 2:

Operating profit forecast for 1st Half has been revised upward. Could you inform me why operating profit in Staffing SBU was revised upward by approx. 4.4 billion yen?

CFO Seki:

One of the main factors is that public related projects in BPO sector is going better than our initial plan. In addition, the number of active staffs deployed in the core temporary staffing business is progressing more than initially expected.

Questioner 3:

Full year forecasts are undecided at this time, and is there any concerns for 2nd Half?

CFO Seki:

I think that there will not be so many major risk factors in relation to business operation in 2nd Half. I believe that it is necessary to make investments in various businesses in some SBUs in 2nd Half for achieving the Mid-term Management Plan, which is regarded as a factor affecting profits in 2nd Half. Full year forecasts were not decided because we have to review the outlook including the status of COVID-19. But I think the entire business is on a trend of recovery.

Questioner 4:

In Q2 (from July to September 2021), many people are concerned about the

spreading COVID-19, but sales forecast in Q2 is the same level as in Q1. Is it because you see that the effect of the pandemic is limited?

CFO Seki:

As shown in the financial forecasts for 1st Half, we see that the effect of COVID-19 is limited and there would be no material risk.