Q&A at the Briefing on the FY2025 Full-Year Results and Mid-term Management Plan FY2028

Questioner 1

Regarding the Career business, how are assumptions regarding the number of consultants and sales productivity reflected in the revenue outlook for this fiscal year? In addition, excluding the impact of the decline in ID integration related revenue, the underlying revenue growth appears to be approximately 5%. What are the reasons for the increase to 7-10% growth by FY2028?

CEO Wada:

The number of consultants and productivity remain key indicators for Career SBU. We place emphasis on increasing revenue without expanding headcount, assuming improvements in productivity and growth rate driven by the introduction and utilization of AI. In addition, we aim to achieve higher growth through a shift from the mid-income domain to the high-income domain.

We believe the Career market will recover over the medium to long term. Currently, due to the impact of AI and geopolitical risks affecting corporate sentiment, companies tend to be more selective in hiring. However, once progress in AI implementation and utilization policies becomes clearer, talent demand will materialize, and labor shortages will remain a structural issue.

Questioner 1

Regarding AI monetization, current efforts appear focused primarily on internal productivity improvement. Are there plans to provide AI services externally to job seekers or client companies?

CEO Wada:

We view leveraging AI across the organization as a major challenge to fundamentally transform our workflows. Therefore, we prioritize verifying its effectiveness internally, while considering potential external offerings as a next step. As for external commercialization, we envision offering such services through BPO SBU rather than Career SBU. However, we are not yet at a stage where we can disclose specific details or the financial impact and are currently accumulating know-how through trial and error.

Questioner 2

In the mid-term management plan, you target a 10% CAGR in adjusted EBITDA. Is it fair to say that more emphasis is placed on improving internal productivity and margins through AI rather than top-line growth? Or is revenue growth still a key objective?

CEO Wada:

We have not abandoned growth; it remains a key focus in this mid-term management plan.

In designing the growth cycle, we believe that enhancing internal productivity is something we can execute regardless of the external environment. The profits generated from these initiatives will be allocated to growth investments, leading to revenue expansion. This, in turn, will fund further investments, creating a cycle of growth investments and revenue expansion. Therefore, both growth and profitability improvement are pursued simultaneously.

Questioner 2

In the previous mid-term management plan, strong growth in Career SBU was a key assumption, with generated cash used to strengthen the high-income domain. However, changes in the business environment limited such investments. In the new mid-term management plan, is it fair to understand that the focus is placed on initiatives that can be controlled internally, rather than assuming a favorable business environment?

CEO Wada:

We do not view the business environment as favorable. However, we believe we can generate cash through profit improvements in Staffing and BPO SBUs, which will then be allocated to growth investments.

Questioner 2

Given the premise of improving profitability and generating cash, we appreciate the increase in dividends; however, could you provide more detailed comments on capital allocation?

CEO Wada:

Growth investments and shareholder returns are two key priorities, and we will maintain a balance between them.

Within capital allocation, we position the Career domain within the technology field as a key area for future growth investments. As we expect it to continue growing

beyond 2030, it is important to take appropriate measures to strengthen this domain.

Questioner 3

Regarding the current trends in talent demand, how do you view the recent momentum toward more selective hiring by companies, particularly against the backdrop of geopolitical uncertainties such as the situation in the Middle East?
In your explanation, we were somewhat concerned about the slightly weaker demand in Q4 for Staffing SBU. In addition, even taking into account internal factors, Career SBU does not appear to be assuming particularly strong growth. Could you share your current view on corporate hiring demand trends?

CEO Wada:

Corporate sentiment has a significant impact, and we do not consider the situation to be very favorable. Companies are becoming more cautious in hiring decisions due to uncertainties related to AI adoption and geopolitical risks. Once visibility improves and these uncertainties are resolved, we expect hiring activity to recover from the current selective stance.

Questioner 3

Has there been any change in the momentum toward more selective hiring by companies compared with three months ago (at the time of Q3)? Any color based on your latest observations would be appreciated.

CEO Wada:

We believe it has become somewhat more stringent. Compared with our initial expectations, visibility on a resolution has not improved as much as we had hoped, which remains a source of uncertainty at this stage. That said, underlying business activities continue to operate at a certain level, and corporate earnings have not materially deteriorated. Therefore, our view is that hiring should pick up once the current uncertainty begins to ease.

Questioner 3

Regarding the strengthening of the Frontline Worker domain, we believe that Gojob and Sharefull could become key pillars. Could you elaborate on what specific initiatives you are currently considering?

CEO Wada:

While we are not yet in a position to disclose specific details, we would appreciate a bit more time. We believe the frontline worker is a segment that is clearly less susceptible to the impact of AI and one where demand shortages are particularly evident, indicating strong potential.

We are currently in the process of determining which subsegments to target and through which business models to pursue this opportunity, and we will provide further updates once there is greater clarity.

Questioner 3

You also mentioned the expansion of Gojob into the domestic market. Could you share your views on the potential synergies between Gojob and your existing domestic businesses?

CEO Wada:

One of Gojob's key strengths lies in its ability to accumulate data through 24/7 candidate touchpoints powered by AI, enabling continuous data updates and optimization, which in turn enhances matching accuracy. This has significantly improved satisfaction for both job seekers and corporate clients. We are currently exploring how to incorporate this framework into our Japanese operations, including through proofs of concept and collaboration among engineers. Taking into account differences in legal frameworks, our next key focus is how to integrate this into our existing domestic businesses.

Questioner 3

Just to confirm, does this mean you are not yet at a stage where you are considering deploying Gojob's services directly in Japan?

CEO Wada:

Services similar to Gojob are already available in Japan; however, our approach is to incorporate elements such as database architecture and the SaaS model into our domestic operations.

Questioner 3

Regarding non-linear growth in the Technology SBU, could you share your current thinking on potential M&A targets? For example, are you focusing on peers such as engineering staffing companies, or would you also consider companies further upstream, such as SIers or consulting firms? Any additional color would be appreciated.

CEO Wada:

We define the Technology SBU as a key growth area, and we see potential opportunities across a broad range of areas, including peers, upstream segments, SIers, and consulting firms.

That said, we are still in the process of discussing priorities internally, and we will provide further details once there is more clarity on the direction.

Questioner 4

Regarding the Career segment, we would like to gain a better understanding of how you plan to accelerate growth toward your FY2028 targets, including the pace of AI adoption.

While your assumption appears to be that the market environment will not be particularly strong, we also have the impression that the segment has recently been somewhat reactive to market conditions. With that in mind, we would appreciate your thoughts on how the segment can achieve growth that outpaces the market, leveraging the strength of your product offerings.

CEO Wada:

We recognize the need to grow ahead of the market and have actually been outperforming it. The high-income group (annual income: over 6 million yen) is growing at a double-digit rate , and we will continue to focus on this area.

In the majority group (annual income: 4–6 million yen), we aim to increase performance without increasing headcount by leveraging AI, while reallocating resources to the high-income domain. In the high-income domain, we believe that a two-sided business model—rather than a candidate-side-only approach—is required, and we therefore need to further strengthen these capabilities. In addition, services targeting freelancers, such as HiPro, are experiencing growth. We aim to leverage highly skilled talent in this segment to develop new models of talent utilization for corporate clients.

In the majority group, in addition to expanding order intake through stronger sales execution, we believe that increasing the number of interviews handled through the use of AI-driven interviews and improving matching rates will be key drivers of future success.

Accordingly, across both the majority group and the high-income group, our overall plan is to build a framework that enhances satisfaction for both candidates and corporate clients, while achieving this without necessarily increasing headcount.

Questioner 4

While there is a view that additional investments—such as in capital expenditure, software, and marketing—could drive further growth, we also recognize that the Career SBU makes a relatively significant contribution to consolidated profits, making the stability of overall earnings an important consideration.

In that context, there may be a risk that pursuing stable consolidated earnings and driving further growth in the Career SBU could become a trade-off. How do you think about balancing these two perspectives?

CEO Wada:

To avoid such a trade-off, we define both the Career SBU and the Technology SBU as growth areas and intend to prioritize investment in these segments. Rather than broadly reinvesting profits generated in the Staffing SBU, we plan to allocate a significant portion of investable resources to the Career and Technology SBUs, with the aim of enhancing the overall earnings capacity of the Group.

Questioner 4

Could you elaborate on your approach to reviewing the portfolio of the Asia Pacific SBU? At the extreme, some may argue that there is limited synergy with the domestic business, so we would appreciate your perspective on what constitutes a business area that PERSOL should pursue.

CEO Wada:

Our overseas business is positioned from a medium- to long-term perspective, looking ahead 10, 20, and 30 years, and we view the portfolio review as part of that broader strategy. We aim to achieve sustainable growth, which we believe is part of our corporate mission. In this context, it is important to expand our business by working with markets that can complement and offset the structural shrinkage of the Japanese market, ultimately contributing to our vision of "Work and Smile."

At the same time, we take seriously the fact that the Asia Pacific SBU has not achieved the ROIC target of 10% committed under the previous mid-term management plan, and we recognize the need for early improvement. That said, the business has improved from being loss-making in the past and is now generating over 10 billion yen in profit.

Taking these factors into account, we intend to further refine our portfolio by reassessing each country, region, and business line in greater detail, and to make decisions on a comprehensive basis. We have also made changes to the leadership structure and are committed to driving a meaningful transformation.

Questioner 5

Please provide the EBITDA outlook for Gojob.

Head of Finance Division Kemmochi:

Adjusted EBITDA for FY2025 was approximately 300 million yen. For FY2026, we expect more than double that amount in profit.

Questioner 5

Regarding the review of the overseas business portfolio, has there been any change in your approach compared to the time of the Q3 disclosure and the new mid-term management plan?

CEO Wada:

Up to Q3, we focused on improving productivity under the existing organizational structure. In the new mid-term management plan, we are rebuilding the framework under a new leadership structure, taking those efforts into account. We are currently in the phase of evaluating each country, region, and business, including whether we are the best owner of each business.