

Q&A at the Briefing of the Financial Results of the 2nd Quarter
Ended September 30, 2021
(held on November 11, 2021)

Questioner 1:

We believe that factors behind the 1st Half results and full-year forecasts of Staffing SBU include the growth of public related projects and organic growth in the BPO sector. Could you provide a breakdown of transient projects and regular contract projects?

CFO Seki:

First, regarding 2nd Half forecasts for Staffing SBU, organic growth in the area of temporary staffing is expected because the number of active staff has been growing, with no major change in billing rates and operating hours, and the number of operating days decreased by one day in Q4. Further, full-year net sales of the overall BPO sector are expected to be approx. 94.0 billion yen and those of transient public related projects are expected to be approx. 30.0 billion yen of the overall BPO sales.

Questioner 2:

Could you let me know about the future human resources plan for the placement business in Career SBU and when the pre-COVID-19 level is expected to be achieved again, from the viewpoints of the headcount of career consultants and productivity?

CFO Seki:

As of September 2021, the headcount of career consultants was around 590. In the current fiscal year, approx. 170 new graduates joined Career SBU. We believe that investing in human resources is essential for ensuring powerful growth in the next fiscal year as well, and we plan to accelerate recruitment

further into the 2nd Half in the current fiscal year.

We cannot say precisely when we will return to the pre-COVID-19 level, but we are making progress with productivity improvements, and we intend to shorten the period for developing career consultants and advancing measures using technologies, in an effort to improve profitability.

Questioner 3:

In the Staffing SBU, the weighting in the clerical and administrative staffing sector seems large. Can you say what scope there is for expansion of the market in this sector is and what changes might be expected as DX proceeds in society generally?

Deputy President Takahashi:

As you know, we have a very large share of the clerical and administrative staffing sector in Japan.

We have conducted simulations about the risk that the clerical and administrative staffing sector might shrink when DX makes rapid progress. We don't believe that it will shrink greatly in the next three to four years. Regardless, the competitive environment in the market will be tough, but we expect that we can in fact improve our business performance in the coming three to four years by responding to new demand from clients that will be generated from the shift to DX.

Questioner 4:

Could you inform me of the key points of the next mid-term management plan?

Deputy President Takahashi:

Staffing SBU and Career SBU are expected to remain strong under the next mid-term management plan. We also intend to achieve steady growth in Professional Outsourcing SBU, which we position as the third pillar. For overseas business,

profitability has improved at the present stage. Under the next mid-term management plan, taking profitability a step higher will be a key point. Net sales of Solution SBU in the 1st Half roughly doubled year on year. The key point will be how long we can keep this rate of growth and to what extent we accelerate the growth. As our current business performance is strong, we are discussing internally how to adjust the balance between profits and investments in the future.

Questioner 5:

While the numerical target under the mid-term management plan is expected to be achieved a year ahead of schedule, you have yet to change the FY2022 plan. Does this mean that profits will decrease next fiscal year?

Do you plan to announce the next mid-term management plan ahead of schedule in May next year?

CFO Seki:

We assume that profits will increase again next fiscal year. We plan to achieve the mid-term management plan numerically this fiscal year. However, we have not changed it because we are still in the process of executing certain strategies and action plans. We will continue to execute strategies and measures until they are fully in place.

We plan to announce the next mid-term management plan when we announce our financial results for the fiscal year ending March 31, 2023.