

Q&A at the Briefing of the Financial Results of the 2nd Quarter Ended September 30, 2022 (held on November 11, 2022)

Questioner 1:

Please explain the impact of the current macro environment on Staffing SBU. Please also explain the impact of the recent rise of wages on the billing rates in FY2023.

Deputy President Takahashi:

We understand that the impact of macro environment on Staffing SBU is limited at the moment, because demand from corporate customers has remained strong. On the other hand, regarding the acquisition of temporary staff on the supplier side, competition has been intensifying throughout the temporary staffing market. Regarding this part, we will continue to increase marketing expenses at a certain rate in the 2nd half of FY2022 and from FY2023 onward.

Regarding our future policy on the recent rise in wages, we plan to give sufficient returns to temporary staff by holding thorough discussions with corporate customers.

Questioner 2:

Please explain the factors for the increases in expenses for Solution SBU and segment adjustment in the 2nd half of FY2022.

CFO Tokunaga:

First, regarding Solution SBU, we assume that we will continue to make investments and use expenses for acquiring customers in the 2nd half of FY2022 and from FY2023 onward.

Next, regarding the increase in expenses for segment adjustment, the main factor is the increase in depreciation associated with the introduction of a new accounting policy for asset retirement obligations and others. The new accounting policy was introduced at the beginning of FY2022, and its effect in FY2022 (full year) is expected to be around 2.0 billion yen. No major year-on-year change is expected from FY2023 onward, although it depends on the status of asset acquisition.

Questioner 3:

You said that, in the 2nd half of FY2022, each SBU will enjoy strong demand but will use costs for competition to acquire human resources. Please tell me your policy on costs for FY2023 and thereafter.

President Wada:

To demonstrate competitive advantage in the market in the future, we have to join the competition to acquire human resources. We understand that a certain amount of cost will remain necessary for this purpose. Moving forward, we would like to invest in improving our supply capacity, including marketing expenses, in our efforts to raise the PERSOL Group's position in the market.

Questioner 4:

Please tell me your medium- to long-term prospects and strategies for each annual income group in the placement business of Career SBU.

Deputy President Takahashi:

Please see page 39 of presentation slides. For the majority group (annual income level: 4 million to 6 million yen), where we have strength, we provide services with *doda* and *doda plus* being the mainstay. Regarding the group with this annual income level, we achieved a high rate of growth in net sales, exceeding 40%, in the 1st half of FY2022. We believe that we will be able to maintain growth in the medium to long term as well.

On the other hand, for the high-class domain (annual income level: 8 million yen or more), we have just begun proactive investments. We would like to broaden the base of this domain in the future. We will achieve high-speed growth by taking initiatives including marketing investments and personnel distribution, aiming to enhance our presence in the career-change market in the high-class domain in the future.

Questioner 5:

Please tell me your strategy in direct recruiting. Please also describe the synergies or other effects between *MIIDAS*, a service from Solution SBU, and Career SBU, if any, although they are different SBUs.

Deputy President Takahashi:

The strengths of our services lie in not only our supply of a human resource database but also our established framework, under which we attract customers on our own and send human resources to corporate customers on our own. The growth of the direct recruiting market in Japan is slow compared to other countries. However, it is expected to continue growing gradually, so we will make preparations, including preparations related to *MIIDAS*, for the growth of market demand.

President Wada:

Regarding the combination of services, we are considering providing hybrids of various brands to cater to the hiring needs of corporate customers. The provision of hybrid services will enable us to provide a definitive solution to corporate customers' hiring issues, which will be our strength. We believe that this will ultimately give greater value to the PERSOL Group's existence in the market.

Questioner 6:

Could you describe the direction of the next mid-term management plan to be disclosed in May 2023?

President Wada:

We will take the following initiatives while achieving stable growth of temporary staffing as our core business.

- Focusing our efforts on placement business as a growth market
- Focusing our efforts on outsourcing-related businesses, including BPO, demand for which has been growing recently
- Improving the profitability of Asia Pacific SBU

Regarding our policy on shareholder returns, discussions are underway at present. We would like to thoroughly discuss the balance between investments for business growth and shareholder returns, as well as how to provide the returns.