**Q&A at the Briefing of the Financial Results of the 1st Quarter Ended June 30, 2023**

**Questioner 1:**
You said that the first quarter performance was as forecast. However, BPO SBU was affected by a decrease in COVID-19-related projects. In addition, profit also declined at Technology SBU. Please let me confirm if it was acceptable to start with a profit decline in the first quarter at all. Did you plan to make additional investments like these, etc. in the first half? I believe that many of the investments were made on a project-by-project basis. I would like to ask you to comment about the situation of carry-over and such like.

**CFO Tokunaga:**
I believe that you are asking whether the Q1 results of BPO SBU and Technology SBU were good or not as compared to the full-year forecasts. The results of each were above our internal forecasts.
Specifically, Technology SBU has recruited 481 new employees. Moving forward, training of these employees will begin to be completed in Q2, resulting in sales posted at customers. So on this point as well, we are not concerned. In addition, at engineering as one of sub-segments, the amount of outsourced work had been apt to increase or be concentrated in Q3 and Q4. Therefore, the Q1 results are in line with the forecasts as of the beginning of the fiscal year.
Further, regarding BPO SBU, because the COVID-19 pandemic has subsided recently, the decreases in revenue and profit from COVID-19-related projects in Q1 were exactly as expected. At the beginning of the fiscal year, we already assumed that revenue and profit from these projects would be almost zero from Q2 onward. On the other hand, since the beginning, we have naturally been considering shifting our internal resources for COVID-19-related work to other businesses during Q2 to Q3. We therefore believe that progress is being made as planned.

**CEO Wada:**
In a way, this Q1 profit decline at Technology SBU is a very good form of decline. This is evidence that we have secured resources, including our salespeople. Conversely, you could conclude that unless the Q1 result is at this level, we cannot expect growth in the second half.

**Questioner 1:**
Thank you very much. I think that the parts of BPO SBU other than COVID-19-related projects also started with a decline in profit. Could you also explain this point?

**CEO Wada:**
As Mr. Tokunaga told you just now, businesses in the private sector other than COVID-19-related projects have remained firm. In addition, BPO SBU has also hired new employees, and as at Technology SBU, the addition of the new workforce will begin to enable billing after a certain period. Given this structure, we do not believe that there is reason for concern here either.

**Questioner 2:**
I feel that Career SBU was very strong, with sales from the placement business having increased 35% in the Apr-Jun quarter. I would like to ask you to provide a little more detail about this point, including the situation of the placement industry, the external environment, your hiring situation, and productivity. Please also explain about the financial forecasts for Q2 and thereafter.

**CFO Tokunaga:**
Data on job-openings-to-applicants ratio of “doda” are presented on page 50 of the presentation slides. At present, the job-openings-to-applicants ratio is tight at 2.26, and demand from corporate customers remains as strong as ever. To respond to this demand, we must first have more individuals registered in our "doda" database and then increase the number of consultants to cater to the needs of the individuals. We believe that these two initiatives are highly important for our revenue increase. The number of registrants in the database is increasing steadily at present, and more than anything, the number of consultants has increased from slightly more than 1,600 to slightly more than 2,100. In addition, productivity has improved by 5%. Thus, the expansion of both the database and the number of consultants for tapping into this huge demand has been going well. This has probably contributed to the 30% increase in sales, according to our internal analysis.

**CEO Wada:**
Regarding job offers, the number of job offers posted on the "doda" media has been increasing significantly and remained firm. In addition, we have seen no signs at all about the anticipation of an economic slowdown in the coming fall and thereafter, which used to be an issue of concern. Companies thus remain motivated to recruit human resources. Accordingly, we believe that we will be able to keep this business strong in the second half.

**Questioner 2:**
I have a question about the point that productivity did not decline. You said that productivity did not decline while you increased the number of consultants and career advisors. Does this mean that the demand is that strong or that your internal initiatives including human resource development have been going steadily and successfully? Please explain the background.

**CEO Wada:**
We may sound a little like we're patting ourselves on the back, but we believe this is evidence that we have been quite successful in building a human resource development system, which combines and harmonizes well with systematization, including the division of work as well as human resource utilization.

**Questioner 3:**
Please tell me about Staffing SBU.
While the number of active staff is increasing steadily at present, the number of orders that you presented as market data seemed to be on a slightly weak note compared to the previous quarter. Could you explain this point?
Mainly, I have the impression that the top line has gradually been growing weaker at staffing companies in the United States and Europe, so I want to confirm.

**CFO Tokunaga:**
As shown in the middle of the bottom row on page 21 of the presentation slides, the number of orders decreased 5.1% year on year while the number of contract terminations also decreased. In addition, as shown in the somewhat small text at right, the number of active staff is 120,000 and has remained at this level. At present we do not forecast in particular that this number of active staff will decrease. This is our understanding.

**CEO Wada:**
We do not see signs of a market slowdown. In relation to our future acquisition of human resources, we have strategically changed the direction toward reducing the number of terminations further. We used hours of labor for this purpose, which has resulted in the slight year-on-year decline in the number of orders. This is the background. At the same time, because the number of orders themselves and the level of the number of confirmed contracts itself have been rising, we are working to enhance productivity in existing contracts.
Accordingly, we would like you to understand that the result does not reflect a change in the market.