

Q&A at the Briefing of the Financial Results of the 3rd Quarter Ended December 31, 2025

Questioner 1

At the time of the Q2 earnings announcement, it was explained that PERSOL aims for 10% growth in consolidated adjusted EBITDA for the next fiscal year. Regarding the topline for the Career SBU next fiscal year, you mentioned a focus on profitability amid a weakening outlook. Even under these conditions, is it still possible to achieve 10% growth in consolidated adjusted EBITDA?

CEO Wada:

Even if topline growth in the Career SBU is around 5%, we intend to proceed in a manner that allows us to achieve 10% growth in adjusted EBITDA (company note: on a consolidated basis) through improvements in profitability.

Questioner 1

Regarding the current business environment for the Career SBU, you explained that client companies are becoming highly selective in their hiring, but this has been the case for some time already. Was there any sudden change in market perception during Q3?

CEO Wada:

Our sense is that the trend toward selective hiring has become even more pronounced and intensifying. It is not that companies are withdrawing their job openings altogether, but the active job openings-to-applicants ratio has declined slightly, and there may be some correlation with that trend.

Questioner 1

As you proceed with sales activities heading toward Q1 of the next fiscal year, is it correct to understand that revenue growth will not drop sharply to, for example, around 1% or even turn negative?

CEO Wada:

We do not anticipate it turning negative, but we are by no means optimistic.

Questioner 1

I understand that signs of a potential slowdown in the revenue growth rate are being observed for Q4.

Questioner 1

I would like to ask about the management structure during the period of the next mid-term management plan. You explained changes to the executive structure of the Asia Pacific SBU this time, and considering that the next medium-term plan will also cover three years, a certain amount of time has already passed since you assumed the role of CEO. How is the succession plan for the next management team, particularly for the CEO, being developed? Unlike the era of Tempstaff or Intelligence, I believe it may be time for the "New PERSOL" to transition to a younger generation of management. Could you share your current thoughts on the future succession plan and management structure in light of this perspective?

CEO Wada:

Succession is not something I can speak about lightly, but since I assumed my position, the development of a succession plan has been a key priority, and preparations are steadily progressing, so please rest assured. As for the next mid-term management plan, given the rapidly changing business environment, we are internally considering a rolling approach. While we will formulate a three-year plan, we assume that we will revisit and reassess the underlying assumptions, including the market environment, every year, and we will respond flexibly with regard to the management structure as needed.

Questioner 1

Does this mean that both financial targets and the management structure will be reviewed more frequently going forward?

CEO Wada:

Inevitably, I believe that will be the direction. This does not mean that we take disclosed numerical targets lightly, but there is a possibility that the business environment, including AI adoption, could change significantly over the course of a single year. That said, in Japan, progress in AI utilization may be more gradual compared with the United States. While closely monitoring these market conditions, we intend to respond appropriately and decisively.

Questioner 2

I would like to ask about your current sense of the speed and scale of AI utilization and human capital management initiatives among client companies in the Career SBU. We believe that a cautious stance toward hiring due to AI may continue until around 2030. How do you see this? For example, in 2026, are more clients reducing mid-career hiring compared with the previous year? I understand quantitative answers may be difficult, but any insight within the scope of what you are seeing would be appreciated.

CEO Wada:

We continuously monitor market trends and conduct interviews with client companies. While every company considers the introduction of AI to be inevitable, the reality is that there is still a lack of a tangible sense that this is leading to a reduction in workloads or headcount at this stage. How to translate AI adoption into actual results is a major challenge for many companies. For example, in our outsourcing business, we are seeing an increase in inquiries about whether we can support not only AI implementation but also the redesign of business processes. In this way, while AI adoption itself is progressing, we believe that demand for human resources is still being maintained. Furthermore, we have not observed a situation in which recruitment or mid-career hiring has shrunk dramatically over the past one to two years. In addition, we hear from many companies that they are struggling to convert AI initiatives into concrete outcomes.

Questioner 2

As AI adoption progresses across Japan, is it possible for the Career SBU to allocate more resources to attracting job seekers with AI-related skills and to increase supply in response to growing corporate demand for AI talent?

CEO Wada:

When the market moves, it means that the skills and specifications required of human resources are changing significantly. Adapting appropriately to those changes is extremely important. This is a major theme not only for the Career SBU, but also for the Staffing and the BPO SBUs, and it is certainly possible.

Questioner 2

There appears to be a gap between cumulative Q3 operating profit and the full-year plan for the BPO and the Technology SBUs. Are you assuming any special factors in Q4? Could you provide some color on the progress of each?

CFO Tokunaga:

The progress rate through Q3 is approximately 60%. While there is some concentration of profits in Q4, we anticipate that these two SBUs may fall short of the initial full-year forecast by several hundred million yen.

Questioner 3

Regarding the revenue trends by salary range in placement business on page 28 of the presentation materials, I believe this is the first time you have disclosed data separately for the high-income group and the majority group. While revenue in the high-income group has grown at a CAGR of over 30%, my understanding is that there was an intention to grow the high-income group even further when the current mid-term management plan was formulated. How do you evaluate this over-30% growth? If it differs from your initial assumptions, what were the bottlenecks, and how will you address and improve them in the next mid-term management plan?

CEO Wada:

We had aimed for an even higher level of growth in the high-income group. We felt there were challenges regarding the acquisition of talent in the high-income group and the smooth monetization of that talent. Specifically, there were issues around how to promote this within the doda brand and how to further refine our engagement with candidates of the high-income group, but we have already addressed those issues.

Questioner 3

I would like to consider this from two perspectives: your company and the job seekers. From your side, I believe you mentioned earlier that consultant hiring and productivity improvements did not progress as initially expected. On the other hand, from the job seeker side, were there any challenges regarding brand recognition or the ability to attract candidates for doda X as a high-income recruitment service?

CEO Wada:

On the job seeker side, we were able to attract candidates largely in line with our plans, so there was no major gap there. We recognize that the issues were on our side.

Questioner 3

So the issues were in hiring and productivity?

CEO Wada:

We believe that internal improvements are the more critical area.

Questioner 3

Will you be able to show us how you intend to address this in the next mid-term management plan?

CEO Wada:

Yes. We have already reallocated consultants, and have established a structure to address this.

Questioner 4

I would like to ask about the likelihood of profitability improvement in the Career SBU. While you have been promoting AI-related initiatives this fiscal year, margins have not changed significantly. To what extent do you expect profitability to improve from next fiscal year onward? In addition, while the high-income area may be one opportunity to achieve this, how do you perceive your competitive advantage in that area?

CEO Wada:

Improving profitability ultimately comes down to enhancing productivity. We have been improving productivity since previous fiscal year, and it is important to continue these efforts.

Regarding our competitive advantage in the high-income area, we believe the key point is our ability to provide more opportunities to job seekers, including those in the high-income group, through the multi-layered service offerings that are our strength. Our ability to provide more opportunities while accurately identifying job seekers' needs through thorough counseling is what we recognize as our strength in the high-income area.

Questioner 4

I would like to ask about your views on the balance sheet in relation to improving ROE and ROIC. While a rapid recovery in profitability may not be realistic given next fiscal year's outlook, how are you thinking about managing capital efficiency, which forms the denominator of ROE? Some SBUs appear to have relatively expanded balance sheets. What is the company-wide approach to improving ROE and ROIC, including these points?

CFO Tokunaga:

Regarding specific targets for ROE and ROIC, we are currently in discussions toward the formulation of the next mid-term management plan starting next fiscal year, and we plan to explain the details in May. That said, our overarching direction is to improve ROE and ROIC and enhance capital efficiency. Building on current levels, we aim to raise these metrics within the next mid-term management plan. Regarding the balance sheet, as you pointed out, we are considering it under a broad policy of enhancing efficiency rather than expanding it indiscriminately. We ask for your patience until May for further details.