Q&A Session for the Second Quarter Financial Results
for the Fiscal Year Ending February 28, 2027

This Q&A compiles key questions received from attendees of the earnings briefing.
Please note that some content has been edited or revised for clarity.

●Business Progress and Strategies for This Fiscal Year

Q1. What are the impacts of the transition to the solution-based structure, and what are the characteristics of the industries seeing results?

A1. We believe the negative impact on sales from the transition to the solution-based structure has largely run its course. We are seeing positive results particularly in regional areas and in sectors facing severe labor shortages, such as manufacturing, construction, logistics, healthcare, and nursing care. Given the high hiring difficulty in these sectors, we are driving solid results by offering comprehensive solutions tailored to client challenges, extending beyond recruitment advertising.

Q2. While the number of clients in Media Services is increasing, average unit price per client is declining, particularly among major companies and recruitment agencies. What are the factors behind this, and what initiatives are in place to recover unit prices?

A2. This trend is primarily driven by intensifying price competition from competitors, especially for major companies and recruiting agencies, alongside a declining market rate per application in the part-time job market. To recover unit price per company, we are promoting bundled solutions that combine existing job advertising with DX services and video production. Through this approach, we aim to raise unit prices while maximizing the value delivered to our clients.

●Sales and Expenses

Q3. What are the near-term challenges in accelerating future sales and profit growth?

A3. The slowdown in revenue and profit growth has been primarily driven by a decline in unit price per company due to intensifying competition, alongside increased expenses from stepped-up advertising investments. In the near term, to raise unit prices, we are actively strengthening bundled offerings that combine job advertising with DX services and video production. Regarding advertising, while we continue our enhanced investments, we aim to optimize expenses over the medium to long term by promoting initiatives such as the 'Zero Advertising and Promotion Cost Project. '

Q4. Which services are seeing stepped-up advertising investments?

A4. We are strengthening investments in key services within our Media Services business, with a primary focus on Baitoru.

Q5. When do you expect this fiscal year’s investments, such as in advertising and new graduate recruitment, to contribute to financial performance? Also, what is the outlook on profits from next fiscal year onward?

A5. In the near term, we are managing advertising expenditure while closely monitoring competitor movements. Regarding the payback timeline for advertising investments, we believe it is difficult to provide a specific timeframe at present, as it depends on fluctuations in market conditions. Personnel expenses have increased due to the onboarding of 532 new graduates this fiscal year. However, as sales productivity improves from their first to second year, we expect the personnel expense ratio to decline from next fiscal year onward alongside revenue growth. Furthermore, we anticipate hiring 300 or fewer new graduates next year, and expect next year's personnel expenses to fall below this fiscal year's \20.7 billion.

●Full Year Forecast

Q6. What are the respective assumptions for the upper and lower ends of the revised full-year revenue forecast?

A6. The upper end is close to our internal sales target and assumes an increase in spending per client among major companies and recruitment agencies, as well as a recovery in sales from the agency business. The lower end assumes that current sales momentum will continue through the end of the fiscal year.

Q7. How long do you expect the current intense competition for user acquisitions against competitors to continue?

A7. While we refrain from specifying a timeline due to the impact of competitive dynamics, we are building an operational structure capable of generating profit under any market conditions. By firmly delivering results from our current initiatives, we aim to drive sales and profit growth from next fiscal year onward, independent of external factors.

●Dividend

Q8. Has there been any change in your approach to progressive dividends from the next fiscal year onward?

A8. There is currently no change to our basic policy regarding progressive dividends.