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For Immediate Release

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Frequently Asked Questions Concerning Investor Relations

Thank you for your continued support of the Company.

We have summarized the answers to questions that were asked during individual meetings with analysts and investors after the announcement of the financial results for the fiscal year ended September 30, 2024 on November 8, 2024. Please see the attachment for details.

Q1: What are the differences between the actual results for the fiscal year ended September 30, 2024 and the company's forecast announced on November 13, 2023?

The status of achievement of the previously announced earnings forecast for the fiscal year ended September 30, 2024 is as follows.

(Million yen)	Initial plan	Results	Difference
Net sales			
Marketing Solutions	3,750	3,784	+34
HR Solutions	10,050	10,140	+90
(Talent Palette)*1	8,750	8,760	+10
(Yorisoar)	100	142	+42
(Grow Up)	1,200	1,030	-170
(OMN inc.)	-	208	+208
Consolidated adjustments, etc.	-	-11	-11
Total	13,800	13,913	+113
Operating profit			
Marketing Solutions	1,450	1,622	+172
HR Solutions	4,800	4,436	-364
(Talent Palette)*1	4,600	4,349	-251
(Yorisoar)	-100	-166	-66
(Grow Up)	300	177	-123
(OMN inc.)	-	76	+76
Companywide	-1,259	-1,165	+94
Consolidated adjustments, etc.	-191	-353	-162
Total	4,800	4,540	-260

*1 Includes Attack and D4DR as services related to Talent Palette.

◆ Net sales

<Marketing Solutions>

- Although the number of customers was lower than anticipated, average revenue per user (ARPU) was higher than expected, and we have achieved our sales plan.

<Talent Palette>

- Due to the impact of cases where discounts were given on initial fees and monthly fees for several months to respond to the competitive environment, the standalone sales plan for Talent Palette was not achieved, but when Attack's recruitment agency services and D4DR's consulting were added, net sales were almost as planned.

<Yorisoar>

- In addition to receiving more orders than anticipated, we were also able to win large consulting projects from new customers, resulting in being able to achieve our sales targets.

<Grow Up>

- The number of orders for fixed fee plans fell short of the anticipated level, and with the difficulty of recruiting students increasing for companies, sales from acquiring students were lower than expected, and the sales budget was not reached for contingency fee plans either.

◆ Operating profit

<Marketing Solutions>

- In addition to the impact of exceeding sales forecasts, we exceeded our planned profit due to factors such as cost reductions in areas such as system and outsourcing costs, which we had conservatively estimated, and personnel cost reductions due to the transfer of some personnel to the Talent Palette and Yorisoar divisions.

<Talent Palette>

- Profit was lower than anticipated due to factors such as an increase in some expenses more than anticipated (system expenses associated with the expansion of the scale of services, personnel expenses due to transfers from the Marketing Solutions segment and accelerated hiring, and an increase in advertising unit prices due to the impact of aggressive marketing investment by competitors), as well as the impact of the failure to achieve sales targets for Talent Palette as a standalone entity.

<Yorisoar>

- We are hiring and investing in marketing more than planned due to orders being stronger than anticipated.

<Grow Up>

- Despite curbing new hires and marketing expenses in the second half of the fiscal year, the shortfall in net sales could not be covered, and the plan was not reached.

<Companywide and consolidated adjustments>

- We incurred expenses related to M&A during the fiscal year (the breakdown is +37 million yen for companywide, and +162 million yen for consolidated adjustments). Regarding companywide, the total is lower than anticipated because we have reduced some expenses such as research and development expenses and consumables costs.

Q2: What are the differences between the forecast for the fiscal year ending September 30, 2025 and the medium-term growth image announced on November 13, 2023?

The differences between the results for the fiscal year ending September 30, 2025 as stated in the "Medium-term growth image" on page 53 of the Financial Results Briefing Materials announced on November 13, 2023 and the earnings forecast for the fiscal year ending September 30, 2025 announced on November 8, 2024 are as follows.

(Million yen)	Previous (2023/11/13)	Current (2024/11/8)	Difference
Net sales			
Marketing Solutions	4,000	3,950	-50
HR Solutions	12,700	13,780	1,080
(Talent Palette)*1	11,000	11,280	+280
(Yorisoar)	250	400	+150
(Grow Up)	1,450	1,200	-250
(OMN inc.)	-	900	900
Total	16,700	17,730	+1,030
Operating profit			
Marketing Solutions	1,600	1,650	+50
HR Solutions	6,450	5,600	-850
(Talent Palette)*1	6,100	5,725	-375
(Yorisoar)	-50	-150	-100
(Grow Up)	400	175	-225
(OMN inc.)	-	250	+250
(New businesses)*2	-	-100	-100
(M&A expenses)*3	-	-300	-300
Companywide	-1,409	-1,300	+109
Consolidated adjustments, etc.	-191	-350	-159
Total	6,450	5,600	-850

*1 Includes Attack and D4DR as services related to Talent Palette.

*2 Assumes a new service for the medical and nursing care sector (HIcare Wellness), etc.

*3 If actually incurred, these will be accounted for under consolidated adjustments, etc. in the same manner as the fiscal year ended September 30, 2024.

Although we have lowered our profit forecast, the breakdown shows that we are anticipating significant investment in future growth, including Yorisoar and other new businesses, as well as M&A-related expenses. With regard to our existing core businesses, our policy of maintaining high growth and profitability remains unchanged, but based on the results of the previous fiscal year, we have reflected some additional costs that are necessary for investment (such as increased personnel and marketing expenses) in order to maintain growth.

◆ Net sales

<Marketing Solutions>

- The number of customers in the fiscal year ended September 30, 2024 grew less than expected, and the impact of this is reflected in the fiscal year ending September 30, 2025 as well.

<Talent Palette>
- We have added sales from Attack's recruitment agency services and D4DR's upstream consulting services, which are options and consulting services for Talent Palette.

<Yorisoar>
- Orders were strong in the fiscal year ended September 30, 2024 and higher than expected, and the impact of this is reflected in the fiscal year ending September 30, 2025 as well.

<Grow Up>
- In light of the fact that orders for the period ended September 30, 2024 were sluggish, we have revised the plan for orders for the period from the fiscal year ended September 30, 2024 to the fiscal year ending September 30, 2025, which we had previously assumed.

◆ Operating profit

<Marketing Solutions>
- We expect to continue the cost reduction measures implemented in the fiscal year ended September 30, 2024 in the fiscal year ending September 30, 2025.

<Talent Palette>
- We have increased our marketing expenses (by 200 million yen) to respond to changes in the competitive environment, and we have also added on the system expenses that were higher than expected for the fiscal year ended September 30, 2024 to the fiscal year ending September 30, 2025 (by 50 million yen). In order to continue to expand our services, we plan to hire more consultants and engineers than originally anticipated, and we expect an increase in personnel expenses (by 125 million yen).

<Yorisoar>
- In order to boost the steady expansion of net sales, we are increasing our personnel expenses, system-related expenses, and marketing-related expenses.

<New businesses>
- We are anticipating investment costs, etc. for the full-scale deployment of services for the medical and nursing care industry (HIcare Wellness), which are new services currently being prepared.

<M&A expenses>
- We are expecting additional expenses (300 million yen) as additional expenses related to M&A. Normally, past figures are projected as "consolidation adjustments" from the perspective of continuity, but we are assuming them as HR Solutions expenses at this time because there are no specific projects in place at the

moment.

<Grow Up>
- The profit plan has been reduced in line with the downward revision of anticipated net sales.

<Companywide>
- We expect to continue the cost reduction measures implemented in the fiscal year ended September 30, 2024 in the fiscal year ending September 30, 2025.

<Consolidated adjustments, etc.>
- This reflects an increase in amortization of goodwill, etc. associated with M&A during the fiscal year ended September 30, 2024.

Q3: What is your outlook for the ARPU (average revenue per user) of HR Solutions?

Recently, the ARPU of HR Solutions has remained almost unchanged.
Although the ARPU of existing customers of Talent Palette is steadily increasing due to factors such as the expansion of sales of additional options, the overall average is flat because the ARPU of new customers is slightly lower than average, and the ARPU of Yorisoar is considerably lower at around half that of HR Solutions. This situation is expected to continue for some time, and we expect that ARPU will remain flat or increase slightly into the foreseeable future.
ARPU remaining flat is a phenomenon that is occurring as a result of the increase in new customers, and we do not recognize this as a particular problem because these will steadily contribute to increased sales.

Q4: Given that the operating profit plan for the fiscal year ended September 30, 2024 was not achieved, what is your outlook for results in the fiscal year ending September 30, 2025?

As stated in the answer to Q2, we are planning to invest more than in other years in the Talent Palette business and the Yorisoar business in order to accelerate their growth and respond to changes in the competitive environment.
However, we expect there to be sufficient buffers because the investment we have factored in is at the maximum level we expect and there is little possibility of it expanding beyond that, the current sales assumptions are largely unchanged from previous assumptions, the increase effect of the above investment has not been factored in, and the expenses we have factored in for M&A-related matters are at a sufficient level even when compared to the results for the fiscal year ended September 30, 2024, although this depends on specific deals.
Given that the company’s anticipated profit for the fiscal year ended September 30, 2024 was not achieved, the plan for the fiscal year ending September 30, 2025 has been set conservatively, with the understanding

that it must be achieved.

Q5: With regard to the effect of investments in new businesses, what is your awareness of the period of losses and when profits will be able to be recorded?

We are currently working on new businesses such as Yorisoar (solutions for educational institutions) and HIcare Wellness (solutions for nursing and medical institutions).
As both of these services are like “industry-specific versions” of Talent Palette, we are developing new services in a way that does not require large development investments even during the launch phase, by efficiently utilizing the assets accumulated through existing services in terms of system development.
Meanwhile, a certain amount of upfront costs are incurred due to the need for certain marketing activities and the sales and support staff required for these activities in order to promote and popularize the services.

Our image of the revenue during the initial launch period of a new business is that the first year or so is a “trial period” during which we will improve the service and implement necessary functions while having several client companies actually use it. If the trial period is successful and we move forward with commercialization, it is started with a small organization of around ten people. If the business expands steadily after that, we envision a process somewhat like: first year (sales of less than 100 million yen, loss of around 100-200 million yen), second year (sales of around 300-400 million yen, loss of around 100-200 million yen), third year (sales of around 700-800 million yen, break-even point), and contributing to profit from the fourth year onwards.
Yorisoar, which is a new business we are currently working, is also progressing in a similar way as described above. Although it is currently running at a loss, it is not a situation where the loss is growing significantly, and we recognize that it is an investment necessary to further enhance our future growth potential.

Q6: What is your image of M&A initiatives and their returns?

Plus Alpha Consulting is considering the following as target areas for M&A: (1) fields surrounding Talent Palette (p.10 of the Financial Results Briefing Materials announced on November 8, 2024), and (2) value-added service areas for existing customers (p.12).

<Fields in (1)>
These focus on expanding the “functions” of client companies, such as employee recruitment, training, welfare, and health management. By covering fields surrounding Talent Palette, we are targeting businesses that will strengthen relationships with customers and contribute to profits.
Basically, the company must have a certain level of customer base (with sales of at least 1 billion yen) and a favorable revenue situation.

<Fields in (2)>

In the process of providing services to existing customers, we are targeting areas where there are needs for related services. More specifically, this includes human resource business planning (consulting, etc.) in the field of HR Solutions, and BPO services that support customers' business processes. By preparing a wide-ranging service menu meeting needs for customers, we aim to increase revenue per customer while also strengthening customer engagement. In this field, the condition is that the project can be judged to be one in which know-how can be accumulated efficiently compared to establishing an equivalent team within the company. In fields in (2), we do not consider any particular restrictions on the scale of the business.

We anticipate cases where goodwill is generated in both (1) and (2), so the condition for execution is that the outlook is for a positive figure after amortization. After a company becomes part of the Group, we plan to achieve synergies by increasing sales and profits beyond our pre-investment expectations from the second year onwards, through cooperation in sales (mutual referral of customers) and support in development (strengthening of functions and service collaboration in terms of functionality, utilizing our know-how).

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