

## **Q&A Session on the Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2025**

The following is a compilation of the main questions received from those who attended the financial results briefing. Some of the content has been added or revised to facilitate understanding.

### **● Regarding the Personnel Recruiting Services Business (Media Services)**

Q1. The part-time job market remains weak due to a decline in office jobs as COVID-19 vaccination jobs have disappeared and the food and beverage sector is recovering more slowly than expected. Is the acceleration in Media Services sales since Q4 of last year, despite the weak market, due to successful promotional strategies, including your corporate ads featuring Shohei Ohtani? Please tell us if there are any factors other than promotional strategies that have led to sales growth.

A1. We believe it is due to the effectiveness of the three strategies described on page 31 of the presentation materials (Media Services ④ Progress in Q1 and Topics for Q2). Regarding the first strategy, “Improve productivity of sales staff,” the productivity of not only new graduates but also of existing employees has been steadily improving. In particular, we launched an educational program focused on improving the productivity of second-year sales reps, which is starting to show results. Under the second strategy, “Strengthen promotion and sales in growth industries,” we have been able to increase sales by capitalizing on the rise in demand for labor from companies in the logistics, manufacturing, medical and nursing care industries. Under the third strategy, “Increase market share in suburban and rural areas,” we placed this year’s new graduate employees in suburban areas more than in previous years. We gained more market share through the above three synergies.

Q2. If there is a scenario in which the year-on-year outlook for the new active job openings-to-applicants ratio (for general part-time jobs) deteriorates further in the future, what kind of changes do you expect to occur in the macro environment?

A2. We believe year-on-year changes in the new active job openings-to-applicants ratio (for general part-time jobs) are caused by a combination of factors, such as shifts in the macroeconomic environment and industry-specific factors. Therefore, it is difficult to present a specific scenario of further deterioration.

Q3. The year-on-year change in the new active job openings-to-applicants ratio (for general part-time jobs) is showing a recovery after bottoming out in Q4 of last year, but do you expect the recovery to continue? If there is a risk of a renewed deterioration, what is the possible scenario?

A3. We will monitor the ratio's future development closely based on interviews in the field. We cannot comment on a clear outlook.

Q4. What are the positive and negative aspects of the competitive environment with Indeed PLUS from dip's perspective?

A4. We are currently considering our strategy for Indeed PLUS, so we cannot give you a definitive answer, but we intend to create opportunities from the competition.

Q5. By how much did Q1 sales and operating income exceed internal targets for the year?

A5. They are making steady progress as expected. I would like to refrain from commenting on the magnitude of the outperformance.

● **Regarding the DX Business**

Q6. In terms of progress against this year's KPI targets, is the number of companies subject to billing falling behind target? On the other hand, ARPU is above target, but what is the reason for this?

A6. Our outlook for an increase in the number of companies subject to billing is based on an expected acceleration in the number of companies due to the launch of a packaged product in the recruiting/personnel sector in H2, targeting client companies with low job ad transaction values. The reason for the higher ARPU than this year's target is the higher-than-expected increase in unit prices for sales in the sales promotion support sector.

● **Regarding new services**

Q7. Please tell us the expected costs for the "dip AI Agent" service this year.

A7. Costs are mainly development costs and advertising expenses. As we explained at last year's Q4 results briefing, we have included around 700 million yen of development costs in this year's plan. These include costs related to the AI Agent, Baitoru Free and the AI utilization project. They are expected to be recognized in around Q3, when the service is scheduled to be launched and amortization is scheduled to begin. Advertising expenses are also expected to be recognized in Q3 as we plan to fully launch promotions in October. We have included these development and advertising expenses in our full-year earnings forecast for FY'25/2.

Q8. What is the take rate for Baitoru Free?

A8. We will announce the take rate at the launch of the service.

Q9. Is there any possibility that you will increase advertising spending for Baitoru Free in H2 or next year?

A9. We do not plan to increase spending as we have included expenses related to Baitoru Free in this year's advertising expenses. We will explain our plan for next year (FY'26/2) when we disclose our earnings forecast.

Q10. How do you view the competitive environment in the spot work job information service market? Is there any possibility that you will collaborate with another company in this area?

A10. As many companies have entered the spot work job information service market, we are also entering the market as a late entrant. We hope to increase our market share in the medium to long term through services with unique features for which patents are pending, and a strategy that leverages our customer base of 150,000 companies and our sales force of 2,000. We will consider various possibilities for collaboration.

● **Regarding advertising expenses**

Q11. Will the expenses related to your corporate advertisements featuring Shohei Ohtani be spread out over a period of time, or will they be recognized at a specific time? Also, please tell us about any elements of the expenses that will vary as an option.

A11. Advertising expenses related to Shohei Ohtani consist of contract, content production and media placement costs. Contract costs are recognized ratably over the term of the contract, and content production costs are recognized ratably over the airing period of the commercial. Media placement costs are recognized in the actual airing period. There are no optional variable elements.