

Announced on August 7, 2024

The following content contains the main questions and answers from the questions received after the announcement. In addition, some revisions and corrections have been made to make the content easier to understand.

## Q&A: The number of enrolled staff in Human Resources Services

**Moderator:** The question is as follows:

"It seems that there has been no year-on-year growth in the number of enrolled staff. What is the outlook for enrollment in each of the Manufacturing · Production Human Resources Services and Engineering Human Resources Services for this fiscal year?"

**Shimizu:** Although it will basically be affected by the situation of our clients, we plan to increase the number of staff by about 1,000 over the course of the year, including Manufacturing · Production Human Resources Services and Engineering Human Resources Services. The breakdown of this increase will vary depending on client needs.

I believe that the biggest reason for the lack of increase in the number of enrolled staff is due to the fact that the production conditions of our clients have been very unstable, and they have not been investing aggressively in recruitment.

## Q&A: Capital and business alliance with the TSUNAGU GROUP

**Moderator:** The question is as follows:

"Please tell us about the capital and business alliance with the TSUNAGU GROUP and its current progress."

**Shimizu:** We have established a project for this capital and business alliance with the TSUNAGU GROUP. Members from both sides are discussing the areas in which we can create synergies.

We originally established a joint venture called Leaf NxT to navigate various challenges. However, by forming a capital and business alliance with the TSUNAGU GROUP, we intend to go even further.

In collaboration with the TSUNAGU GROUP, we have already made proposals to some of our main clients to replace some of their factory HR and head office HR functions. We would like to start from there, and then increase our service menu for our clients by stepping up our efforts.

The other area we are working on with the TSUNAGU GROUP is creating a platform aimed at eliminating mismatches, as I mentioned earlier, and assembling members to participate in the recruitment consortium.

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## Q&A:

### Outlook for the final year of the Medium-term Management Plan

**Moderator:** The question is as follows:

"What is your projected number of enrolled staff in the final year of your Medium-term Management Plan, FY 3/2028? Also, to what extent do you expect the scale of your Engineering Human Resources Services sales to expand?"

**Shimizu:** Even if sales increase by 40%, it does not necessarily mean that the number of enrolled staff will also increase by 40%. This is because we are thinking of increasing monthly sales per capita while enhancing the expertise of each staff.

I think that "engineers" are one perspective to consider. In this context, there is also the question of how we define engineers. If we define "engineers" as those who do what is called research and development, frankly speaking, some of our engineers do not fall into that category.

We are aiming to increase the ratio of engineers, including those who specialize in equipment maintenance, from the nearly 2,000 engineers currently enrolled to about 30% of the total number of enrolled staff over the next three years, thereby increasing sales per capita and improving profitability.