

FY2026/3 H1 Earnings Conference Q&A Summary

Date & Time : 16:30-17:30 Friday, October 31, 2025

Presenters : Masaaki Muta, Representative Director, Co-president

Takeshi Kamiya, Representative Director, Co-president

[Q]: In the CX services business, quarterly sales of digital contact centers were up 6% YoY in Q1 and 7% in Q2. Was growth in trans-DX for Support a driving factor behind the sales growth rate? Or did existing services other than trans-DX for Support achieve growth?

[A]: Growth in both areas contributed to the sales growth rate. trans-DX for Support has now adopted by 117 clients, demonstrating solid growth. By identifying target clients and focusing on those with high profitability, overall service profitability has also increased. As a result, the service is contributing to enhanced profitability across the entire CX services business.

[Q]: In the BPO services business, the sales growth rate slowed slightly from Q1 to Q2 in both common back-end functions outsourcing and industry-specific engineering BPO. I believe the BPO services business as a whole is growing, due in part to the consolidation of joint ventures, but should we consider these slowdowns a concern for future performance?

[A]: Fundamentally, the business is growing steadily despite some quarterly fluctuations, so we don't see this as a specific concern. That said, we must keep in mind that each service is influenced by trends in clients' industries. Industry-specific engineering BPO, in particular, is more sensitive to such trends. For example, due to labor shortages in the construction industry, our services were previously very strong, but demand has now stabilized. Additionally, the business was affected this quarter by a leading auto manufacturer that reported a loss for this quarter. On the other hand, common back-end functions outsourcing supports corporate functions across a wide range of industries, making it less vulnerable to industry trends.

[Q]: Regarding the joint-business model (joint ventures) in the BPO services business, you explained that joint ventures with OMRON and Toshiba Tech began operations this quarter. Is there potential for more of these deals in the future? What is your outlook?

[A]: There is strong demand, so we see potential. While OMRON and Toshiba Tech had

company-specific reasons, many other companies face common challenges such as streamlining back-office operations and securing workforce, and they often approach us for solutions. In some cases, it takes about two to three years to establish a joint venture, depending on each company's situation and policies. However, multiple deals are currently underway, and we believe there is significant room for growth. These initiatives are complex, but we have already worked on many deals and now have an expert team with accumulated know-how. Our strong track record gives clients confidence in us, and our ability to build mutually beneficial frameworks continue to strengthen. Leveraging these strengths, we will continue to accelerate initiatives in this area.

[Q]: Your operating profit margin increased to 4.5% on a consolidated basis in Q2 and appears to be trending positively. However, we recognize that margins were higher in some quarters during the COVID-19 period, even though those results were influenced by special pandemic-related factors. Based on the current upward trend, what are your views on a potential increase in the margin over the medium term?

[A]: We are discussing our next medium-term business plan, and will set a target for margin improvement as part of that plan. Profit margins in each service are increasing steadily, which is a positive factor. However, we will continue to make necessary investments, so we believe it would be difficult to see a sharp rise in operating profit margin from the current 4.5% to the 5%-6% range. Over the medium term, we aim to further increase our profit margins while maintaining a balance between investment and profit growth.

[Q]: In the next-medium term business plan, do you intend to grow on the same trajectory as the current medium-term plan, or are you considering a new direction? Could you share updates on your current discussions?

[A]: There will be no major change in overall direction. We will continue to break away from a labor-intensive model and evolve our business model to achieve higher profit margins. To do this, it is critical to accelerate our transformation into a Technology Solutions Company, as outlined in the current medium-term business plan. Another key pillar is increasing profitability by expanding global accounts, particularly those with strong growth potential. However, we cannot rely solely on organic growth, so we are discussing strategic initiatives, including M&As to acquire external capabilities. We believe these will form the core growth pillars of the next medium-term business plan.

[Q]: Do you have any plans to enhance disclosures by including cash allocation and other performance indicators, such as ROE?

[A]: As part of discussions for the next-medium term business plan, we are considering ways to present the company's position in the most effective way.

[Note]

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