

SUMMARY OF THE Q&A SESSION
AT THE IR MEETING FOR THE 2ND QUARTER ENDED SEPTEMBER 30, 2023

1. Date: November 9, 2023, 16:00-16:44
2. Place: Simultaneously at the conference room on the 7th floor of the Tokyo Headquarters and online conference
3. Q&A:
- Q. Is there a risk that in the second half of the fiscal year, the utilization ratio will exceed initial forecasts thereby reducing the number of personnel available for assignment, meaning that you will not be able to undertake high-rate projects and raising the average rate would be difficult?
- A. Our conclusion is that there is no risk. We set contract rates for engineers based on the content of the work involved. When we assign engineers, we make the assignments after checking all projects we are undertaking, so the risk you are concerned about will not manifest.
- Q. Am I to understand that, based on trends in the first half of the year, there is nothing in particular to worry about?
- A. Yes.
- Q. Looking at the working hours for Meitec (non-consolidated) in the three months of 2Q, I get the impression there has been a bit of a strong drop. Working hours have become shorter overall but are there any other specific reasons behind this?
- A. There aren't.
- Q. Amid an increase in newly graduated employees in the workforce, the prospective number of newly graduated employees for Meitec (non-consolidated) is lower than forecast, so is there a risk that the increase in employee numbers will be less than expected?
- A. We recognize that we have a social responsibility to maintain a presence as a company that continuously delivers value. Therefore, we will not practice short-sighted management that hires simply to increase employee numbers. Going forward, we will firmly maintain our Group hiring standards and concentrate our hiring activities on two focuses, new graduates and mid-career employees. In this way, we will strive to be not less than expected.
- Q. While I understand about maintaining hiring standards, it is highly unlikely that the fierce competition over new graduate recruitment will relax anytime soon. Therefore, is the number of prospective hires announced this time, 350, going to be the standard for the next few years? Also, am I to understand that you will not return to your previous standard of 500 hires?
- A. It is a fact that competition over hiring is extremely fierce, but we do not have any plans to lower our standard for the number of prospective hires. Although we did not hit our target this time, going forward we will adapt to changes in the environment while continuing to strengthen our hiring activities by implementing measures we think will yield improvements, such as forming population of talent and creating contact points with students.
- Q. Are you going to carry out any additional hiring between the offers made in October and April next year?
- A. Although we explained that job hunting activities are taking place earlier and taking longer, if we had to choose between focusing on ongoing activities centered on employees who will join the Company in April 2024 or on efforts to hire new graduates who will join the Company in April 2025, then we would choose the latter.
- Q. Are you considering M&As as one of your growth strategies?
- A. M&As are a method that is constantly available so we are always looking at potential deals. However, M&As are merely a method and we have not set any targets, so I would not classify this as a strategy.
- Q. Am I to understand that this means you are prioritizing organic growth over growth through M&As?
- A. Trends, including changes in technological development, are constantly accelerating and expanding in scope. There are also cases that have shrunk considerably compared to predictions made several years ago. Within this environment, the Group intends to evolve into a state where we can consistently meet customers' demands. In other words, we think that evolving ourselves will raise our market value and also make us into a Group that can contribute to society. I think this is also the hope of our employees.

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