

Q&A summary at Financial Results Briefing for 1H FY2021

Date and Time: May 12, 2022 (Thursday) 15:00-16:00

Speakers: Representative Director, President and Chief Executive Officer : Takayuki Funahashi

Director, Executive Officer: Shigeo Fujimoto

The following is a summary of the main questions and answers from the financial results briefing. Some parts of the contents have been added or modified for better understanding. All answers were provided by Representative Director Mr. Funahashi.

Question 1: What is the status of the governance?

Topic 1. Issues raised in the evaluation of effectiveness of the Board of Directors (Further activation of communication between inside and outside officers)

Topic 2. Succession plan

Answer 1: Through the increase in the number of outside directors and the establishment of the Nomination and Compensation Committee, there are more opportunities to discuss many issues. As a result, we have been able to strictly develop and strengthen our executive officers.

We believe that we will find the best successor naturally by improving our management system that is thoroughly digitalized and independent of individuals.

(Reinforcement of the governance system: Refer to Page 39 of the Presentation Material)

Question 2: What factors have contributed to the delay in the recruitment plan? And what is the impact of the delay in the recruitment plan or the shortage of a specific workforce?

Answer 2: The delay was partly caused by the COVID-19 pandemic. We had to curtail the hiring of non-graduates during the period. And some employees in our company are moving on to the next stage of their careers at a certain age. We did not take it into account and not have a plan that keep the balance between hiring and retiring. In particular, we have been behind in increasing the number of short-time workers.

We are developing multi-skilled employees that are resilient to change, and there are no shortages or impacts in specific job positions. We will hire more temporary staff to fill the shortage of short-time workers and continue our recruitment of new graduates and mid-career professionals.

(Number of consolidated employees: Refer to Page 8 of the Presentation Material;

Human capital investment: Refer to Page 33)

Question 3: What are your assumptions for the future online ratio of On-Site Training from a medium- to long-term perspective?

Answer 3: As face-to-face training recovers in small and medium-sized companies and in rural areas, we expect that the online ratio will decline and reach about 30% in future.

At the same time, trainings for large enterprises with high unit price and DX trainings are expected to increase, so we think there will be no significant impact on the average unit price on On-Site Training.