

March 19, 2026 - Online Investor Briefing for Analysts and Institutional Investors

Key Questions and Answers

(Some parts of the contents have been added or modified for easier understanding.)

Q: Why is the payout ratio high? Share with us the outlook, and the stock price level that the Company believes its stock should trade at.

A: What characterizes our business is that the engineer dispatching business makes up about 87% and the contracting business 13%. These businesses essentially do not require massive capital investments, which enables us to deliver proactive shareholder returns. As for reference values, we refer to payout ratios at other companies in the same industry, and we have set out the policy of a 50% base payout ratio. Regarding the stock price level the Company believes its stock should trade at, the price shown on the slide about TOPIX is the target value of our stock price. With this theoretical stock price as a goal, we intend to actively engage in IR activities to raise our stock price.

Q: There have been news reports that Honda, your major client, has decided to discontinue the sales and development of electric vehicles (EVs). Is this move likely to affect your performance going forward?

A: In the dispatching business, many of our customers have a March fiscal year-end, and so we negotiate the renewal of staffing agreements for the next year mostly by the end of March. We have about 350 engineers on assignments as dispatched or contracted workforce at Honda. The renewal of agreements for most of them has already been decided. Regarding price revision for the next year, we have already agreed on an increase of a little over 5% in base pay, which is a common rate. Therefore, considering the renewed agreements, price revision, and assignments related to EVs, the client's decision to withdraw from the EV project and temporarily freeze EV development does not affect our financial results at the moment. We will continue to watch the moves the customer makes.

Q: You had no debt until last year, yet the consolidated balance sheet for FY2026 records a total debt of 1.0 billion yen. Tell us the purpose of the 1.0-billion-yen borrowing in FY2026.

A: We borrowed the money to cover the cost of acquiring CLIP SOFT Corporation and JOUHO GIKEN, Ltd. in FY2026. We have a financial policy of holding approximately three months' worth of sales in cash on hand. Based on this financial policy, we borrowed 1.0 billion yen to partially cover the acquisition cost.

Q: I imagine that having two more Group companies may lead to changes in fund allocation. How much do you focus on the payout ratio that has been maintained at a high level?

A: As the two companies have joined the Group, part of our financial results are consolidated starting from FY2026. We will fully consolidate the two companies' financial results from FY2027. As for our approach to the payout ratio, the basis of our dividend decision is a 50% payout ratio of consolidated EPS.

Q: Advances in AI are changing how programming is done. How are needs in your software field changing?

A: Currently, we do not see any impact of AI on needs for our software, or IT, field. That said, we are certain that AI will be in charge of operations in some fields, especially in the software fields. We intend to develop a framework for meeting customers' needs going forward, carefully watching how fast the trend develops.

Q: Share with us how the purchase of treasury shares came about and what the strategic aim was in terms of business and management.

A: We carried out the purchase of treasury shares, or a share buyback, in order to boost shareholder returns, and to implement flexible capital policies geared to improve capital efficiency and increase our medium- to long-term enterprise value. We will continue to consider buying treasury shares under this policy.

Q: Given the level of an increase in base pay that is becoming commonplace, do you expect unit price increases at a similar rate to last year's?

A: More than 80% of our customers have a fiscal year from April to March. With these customers, we conventionally negotiate and agree on unit price revisions for the following year by the end of March. At the moment, we have not completed negotiations on price revisions with all customers for the period on or after March or April 1. Yet the results of completed contract unit price revisions show that we have agreed with the customers on around 5% increases. This means we will be able to raise unit prices at rates similar to or exceeding last year's.

Q: Oil prices have risen because of the escalating Middle East conflict. How will that affect your clients and their performance?

A: Our main clients are manufacturers. Therefore, we envisage that high oil prices will affect manufacturing and lead to higher costs in various parts of the industries. Nevertheless, at the moment, our customers' weaker performance due to high oil prices has not directly and palpably affected our performance. We will also continue to closely monitor how high oil prices affect our customers, so that we can decide and act quickly.