

# Altech Corporation

**4641**

Tokyo Stock Exchange First Section

8-Apr.-2021

FISCO Ltd. Analyst

**Ikuo Shibata**



FISCO Ltd.

<https://www.fisco.co.jp>

## Index

<b>Summary</b>	<b>01</b>
1. Company profile	01
2. FY12/20 consolidated results	01
3. Outlook for FY12/21	02
4. Medium- to long-term growth strategy	02
<b>Company profile</b>	<b>03</b>
1. Company profile	03
2. Group structure (and bases)	05
3. Business overview	06
4. History	07
<b>Business performance</b>	<b>09</b>
1. Trends in past results (consolidated)	09
2. Overview of FY12/20 results	11
3. Summary of FY12/20 results	13
<b>Main activities and achievements</b>	<b>14</b>
1. Measures in response to the coronavirus	14
2. Recruitment results	14
3. Strengthening the Group structure	15
4. Progress made in new businesses (agriculture- and nursing care-related fields)	15
<b>Business outlook</b>	<b>16</b>
1. Outlook for FY12/21	16
2. Plan for activities	16
3. View of FISCO's analysts	17
<b>Medium- to long-term growth strategy</b>	<b>18</b>
1. Medium- to long-term growth vision	18
2. The medium-term management plan (rolling-type)	19
3. Industry trends and the Company's position	20
4. Points to focus on from FISCO's analysts	21
<b>Shareholder return policy</b>	<b>21</b>
1. Basic dividend policy	21
2. Dividend trend and plan	21
<b>Information security</b>	<b>22</b>

## ■ Summary

**In FY12/20, sales declined slightly due to the impact of the coronavirus, but still realized a higher-than-anticipated increase in ordinary profit due to cost reductions, etc. The mobilization rate is also recovering, mainly in strongly performing fields such as semiconductors**

### 1. Company profile

Altech Corporation <4641> (hereafter, also “the Company”) is a comprehensive engineering outsourcer that provides high-level technological services to major manufacturing companies in fields such as machinery, electricity and electronics, software, IT, and chemistry. It places great importance on its “Heart to Heart” corporate philosophy and consistently since its foundation, it has focused on human education from the standpoint of maintaining the highest levels among its employees not only as engineers, but also as members of society, in addition to strengthening their technical abilities. This can be described as its corporate organizational culture, which is the source of its strength of producing talented human resources. The Altech Corporation Group is comprised of the Company, seven subsidiaries, and one affiliated company and since FY12/16, it has had two business segments, the Outsourcing Business and the Global Business. The Company observed its 50th anniversary and second foundation period in July 2018, and it is undertaking initiatives to create next-generation strengths, including strengthening its operational base, as well as entering new business fields (agriculture- and nursing care-related markets), while also working on SDGs (Sustainable Development Goals).

### 2. FY12/20 consolidated results

In the FY12/20 consolidated results, net sales decreased 1.7% year on year (YoY) to ¥35,753mn, operating profit declined 9.3% to ¥3,640mn, and ordinary profit increased 12.1% to ¥4,595mn, so although sales decreased slightly and operating profit declined, the Company still secured an increase in profits at the ordinary profit stage. For net sales, Digital Spice Corporation, which was made a consolidated subsidiary on July 1, 2020, and the growth of the results of Agri & Care Corporation, which is conducting new businesses (agriculture- and nursing care-related fields), both contributed. However, net sales declined overall YoY and fell short of the target due to the novel coronavirus pandemic (hereafter, “the coronavirus”) causing a decline in mobilization hours (increase in temporary closures, restrictions on overtime, etc.) and decline in sales from the Global Business. While the temporary decline in the mobilization rate due to the coronavirus was a factor causing results to be less than forecast, it is currently gradually recovering. In profits, profits were kept down by the decline in sales, but the Company reduced SG&A expenses and allocated “employment adjustment subsidies” as cost of sales to maintain employment, and it was therefore able to secure an increase in profits at the ordinary profit stage. In particular, the reduction in costs from proactive cost-cutting measures and the effects of anti-infection measures (including not holding training and events) contributed greatly to the increase in profits, and the ordinary profit margin improved significantly to 12.9% (11.3% in the previous period). The Company increased the dividend by ¥5.0 compared to the forecast, paying an annual dividend per share of ¥75.0.

## Summary

### 3. Outlook for FY12/21

For the FY12/21 results, the Company is forecasting a major increase in net sales and operating profit, with net sales to increase 11.9% YoY to ¥40,000mn and operating profit to rise 9.9% to ¥4,000mn. Its policy is to return to a growth track in the medium term from recovering from FY12/20 when results were impacted by the coronavirus. Net sales are expected to grow significantly against the backdrop of strong customer needs, including for cutting-edge technologies and next-generation vehicles. However, it has set conservative estimates due to concerns about an economic slowdown, and it seems to be anticipating that the number of hours worked will be kept down. Also, in addition to the recruitment of new graduates in 2021, which will exceed that in 2020, it will continue to increase engineers through recruitment throughout the year, including of global engineers. Moreover, for new business (in the agriculture-related field), its policy is to progress in a planned manner the recruitment and training of human resources for agri-tech (agriculture cutting-edge technologies) and agriculture (farm work), for which demand is growing on a nationwide scale, and at the same time, to acquire customers for assignments.

### 4. Medium- to long-term growth strategy

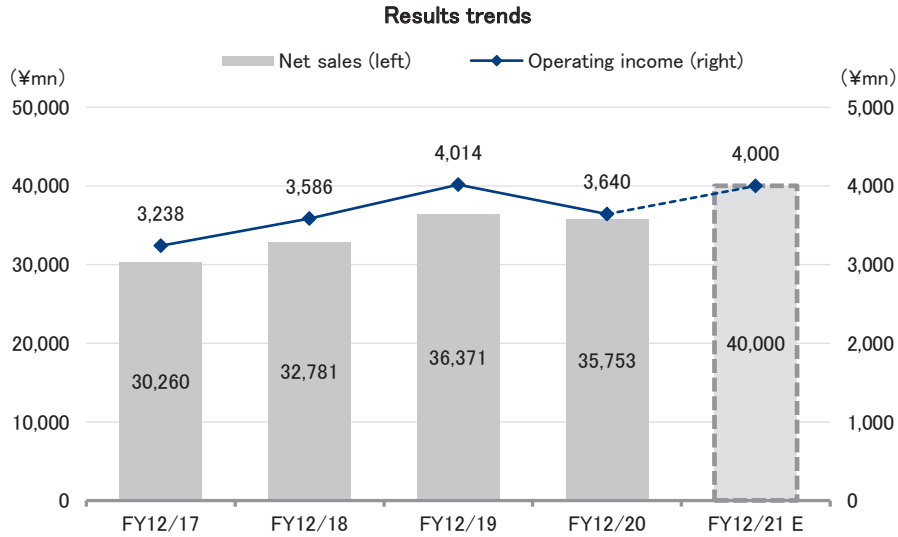
As its medium- to long-term growth vision, the Company has set out a strategy on five axes: 1) strengthening existing businesses, 2) responding to state-of-the-art technologies, 3) developing globally, 4) providing high-tech services and 5) taking on the challenge of new businesses. In particular, in the eleventh five-year plan (qualitative targets), its policy is to promote the Reinvestment of Management Resources toward the New Industrial Revolution. Toward solving societal problems also, it intends to continue to contribute in the agriculture- and nursing care-related fields that are suffering from serious labor shortages, including by providing advanced technologies, which will lead to the further improvement of its enterprise value. In the three-year (rolling) medium-term management plan, it has set targets for FY12/23 of net sales of ¥45,660mn, operating profit of ¥4,900mn, and ROE of 20% or above.

In the situation of the declining Japanese population and economic globalization, we at FISCO evaluate that the direction the Company is taking for its business development is a rational strategy that anticipates future changes in the industrial structure. Due to the impact of the coronavirus, the growth of net sales has temporarily stalled, but there has been no change to the evaluation of the Company's medium- to long-term growth potential. Going forward, it is aiming to respond to new technological fields in which demand is growing, including by progressing new businesses (in the agriculture- and nursing care-related fields), and it would seem that the point to focus on going forward will be how it will connect this to sustainable growth. We will also need to continue to pay attention to M&A that utilizes its solid financial foundation.

### Key Points

- In FY12/20, sales declined slightly due to the impact of the coronavirus, but still secured an increase in ordinary profit by reducing costs
- The mobilization rate is currently recovering, mainly in strongly performing fields such as semiconductors, medical-related, and software development
- The FY12/21 results forecasts are for major increases in sales and profits, and the outlook is for a return to a growth path in the medium term
- It is progressing the eleventh five-year plan's qualitative target to "promote the Reinvestment of Management Resources toward the New Industrial Revolution." Its policy is to actively work toward the SDGs (Sustainable Development Goals) in fields related to agriculture and nursing care by leading the times to promote the activities of global human resources.

Summary



Source: Prepared by FISCO from the Company's financial results

## Company profile

**From its predecessor of a design office, it has become a group of high-level engineers that provides technologies according to customer requests**

### 1. Company profile

The Company is a comprehensive engineering outsourcing company that provides advanced technological services to major manufacturing companies in fields such as machinery, electricity and electronics, software, IT, and chemistry. Its features include that unlike fixed-term employment-based employment agencies, the Company only employs full-time engineers\*, and it is a group of highly skilled engineers specializing in upstream processes, such as development and design.

\* For example, even during recession periods such as the bankruptcy of Lehman Brothers, it has not dismissed a single employee.

#### Company profile

Based on its “Heart to Heart” corporate philosophy, consistently since its foundation the Company has focused on human education from the standpoint of maintaining the highest levels among its employees not only as engineers, but also as members of society, in addition to strengthening their technical abilities. In particular, its strengths include that it has a corporate organizational culture that produces high-quality human resources and an original education and training system\*, and its results are steadily growing, supported by its excellent reputation among its customers and the favorable ordering environment.

\* Broadly divided into the abilities development education system and career development support, the Company has established an education and training system to develop human resources to have advanced technical skills and expertise, including education according to level and needs, and follow-up from career supporters (senior engineers). Moreover, long-term education and training plans become possible when the employment period is indefinite (full-time employees).

In accordance with the Revised Worker Dispatching Act (enforced on September 30, 2015), the employment period limitation was ended for indefinite-term employment, while incidental work was also ended on the abolition of specialized work classifications. Also, the acceptance of foreign workers (the establishment of a new residency status) is to be expanded following the revision to the Immigration Control and Refugee Recognition Act (enforced on April 1, 2019), and these and other revisions have been positive developments for the Company. Also, the equal pay for equal work regulation enacted in April 2020 does not have a negative effect, as since the past high unit prices have been realized in the development and design areas.

At the end of December 2020, the Company had 3,897 engineers, and of these, 3,555 (2020 average) were mobilized (working at customers). In FY12/20, it was able to maintain an overall high mobilization rate despite the temporary impact of the coronavirus. Also, looking at the breakdown of assigned engineers according to the fields of customer companies, machinery-related accounts for around 40%, while electricity and electronics-related and software/IT-related are both approximately 30%. So, it is maintaining a good balance, centered on these three fields.

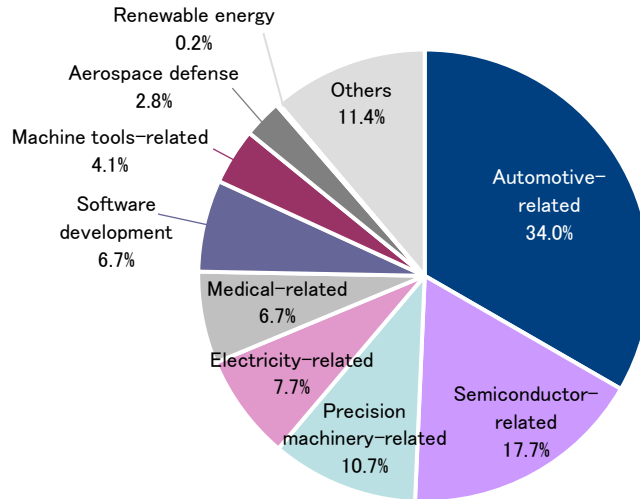
The Company has two business segments, the Outsourcing Business, which is mainly an assignment and outsourcing business in Japan, and the Global Business, which supports Japanese companies’ operations overseas. The Outsourcing Business generates the majority of net sales, but the policy going forward is to grow the Global Business, for which there is strong demand primarily from Japanese companies located in East Asia, as well as new businesses, which are considered to have high growth potential.

In net sales by industry, 34.0% is provided by automotive-related\*, in which R&D investment is active, and a total of 36.1% by semiconductor, precision equipment and electrical machinery-related. So, its customer industries are diverse and structured so that the Company is not easily affected by economic fluctuations. Also, recently its market shares of strongly performing fields such as semiconductors, medical-related, and software development have been trending upward. It also has around 700 customer companies, and the extent of its reliance on the top 10 customers for sales (mainly major manufacturers, such as Tokyo Electron Technology Solutions Ltd., Mitsubishi Electric <6503>, Kioxia Holdings Corporation (formerly Toshiba Memory), and Tokyo Electron Miyagi Ltd.) is 18.2%, without relying on a single company (FY12/20 result).

\* For example, even if the technological field is electrical machinery, if the final product is an EV (electric vehicle), it is classified as “automotive-related.”

Company profile

Composition of net sales by industry (FY12/20 results)



Source: Prepared by FISCO from the Company's briefing materials

2. Group structure (and bases)

In total, there are six consolidated subsidiaries: ALPS BUSINESS SERVICE CORPORATION, a provider of total staffing services; PANA R&D CO., LTD., which joined the Group in September 2016 and carries out the assignment of technical experts; ALPSGIKEN TAIWAN CO., LTD. (Taiwan) and Altech Shanghai Co., Ltd. (China), the two subsidiaries that conduct the Global Business; Agri & Care Corporation, which was established in April 2018 with the aim of entering new business fields; and Digital Spice Corporation, which joined the Group in July 2020. The Group also includes the non-equity-method affiliate DONKEY Corporation, which received an increase in capital in May 2020, and ALPSGIKEN MYANMAR CO., LTD., which was established in October 2020. The generation of synergies with high added value by these eight Group companies forms a "spiderweb-type network organization." In addition to the Head Office (Yokohama City), Altech Corporation Building No. 1 (Sagamihara City, formerly the back office and training center), and Altech Corporation Building No. 2 (Sagamihara City), it also has 2 techno parks for manufacturing, 23 sales offices in Japan, and 1 overseas branch (Myanmar).

Company profile

Group structure (spiderweb-type network organization)



Source: Reprinted from the Company's briefing materials

3. Business overview

(1) Outsourcing Business

This is the Company's core business. It specializes in the development and design fields, which are manufacturing upstream processes, and it positions the provision of high-level technological services by design and development engineers as the center of its business model.

The Company provides services in the form of assignment engineers and outsourcing, and its engineers demonstrate high-level performance when responding to a wide variety of customer needs with applicable form. Assignment services take the form of spot assignments (assignment of a single engineer) and team assignments (assignment of a team of engineers whose members have various high-level skills and who conduct product design and development work). The outsourcing services take the form of on-site (the engineer is stationed at the customer's site) and off-site (the engineer returns to the Company's techno park or other site) for project outsourcing (outsourcing of design, prototyping, manufacturing, and evaluation, either on a single or collective contract basis).

Since it was founded as a design office, the Company has met the technical needs of its customers in the field of mechatronics through its concept of "machinery and electrical integrated design." In particular, it utilizes its strength of having a unique business form with its own manufacturing bases (own factories), and the Group as a whole has in place a structure able to handle all of the manufacturing processes, from development, prototyping, manufacturing to evaluation. Even within this structure, the Company's main area of technological expertise is upstream processes, where it possesses competitive advantages in the processes requiring high-level technological capabilities, including basic research, product planning, concept design, detailed and mass production design, prototypes and experiments, and evaluation and analysis.



#### Company profile

The central areas of the technology field include machinery design, electricity and electronics design, software development, and chemistry. Alongside the transition to a high-level network society, the priority items have become the development and design of a variety of advanced technologies such as for IoT and AI, 3D-CAD for which further demand is expected, CAE technologies, and aerospace-related, medical-related, and robot development technologies. Therefore, the Company's customer companies are spread across a wide range of industries, including automotive, semiconductors and LSI, industrial equipment, digital precision equipment, aerospace, space and defense, and medical and welfare equipment.

#### (2) Global Business

The Company currently has three overseas subsidiaries, ALPSGIKEN TAIWAN CO., LTD. in Taiwan, Altech Shanghai Co., Ltd. in China, and ALPSGIKEN MYANMAR CO., LTD., which was established in October 2020. In addition to work to install production facilities and other facilities for Japanese companies overseas and providing maintenance and ancillary human resource services, ALPSGIKEN MYANMAR CO., LTD. is conducting a business to develop human resources who can be active in various fields, including the technologies, agriculture and nursing care fields, through the management of the Altech Higher Vocational Training College. Within the advance of economic globalization, one strategic axis is expanding the Global Business.

#### (3) New businesses (agriculture- and nursing care-related fields)

These businesses are being developed by Agri & Care, which was established in April 2018. As they have only just been launched, at the current point in time, they are included in the Outsourcing Business segment. The goal is to create a new model for the worker assignment markets for the agriculture-related field, which is a growth industry, and the nursing care-related field, where the shortage of human resources is conspicuous. It is said that in these fields, the keys are introducing state-of-the-art technologies, such as AI, IoT, and robots, and utilizing an overseas labor force, and the Company's strategy seems to be to aim for the first-mover advantage in fields that utilize its advanced technological capabilities and expertise in developing human resources (including recruitment of global human resources) that it has cultivated up to the present time.

#### 4. History

The Company's predecessor, the Matsui Design Office, was founded in 1968 based on the concept of "mechanical and electrical integrated design" of its founder, Toshio Matsui. At that time, electrical design and mechanical design were conducted separately, and to solve the various problems that arose from this, he proposed "mechanical and electrical integrated design" to customer companies as a proprietary and innovative method. The Company has encountered various difficulties, including the oil crises, but through constant efforts it has steadily gained an excellent reputation among its customers for being a comprehensive engineering outsourcer "that provides technologies according to customer requests." Further, under the leadership of the current President and Representative Director Atsushi Imamura, it is aiming to improve results and expand its business, including by focusing on training human resources who are specialized in upstream processes, such as development and design, and the early mobilization of new graduate engineers.

**Altech Corporation** | 8-Apr.-2021  
 4641 Tokyo Stock Exchange First Section | <https://www.alpsgiken.co.jp/english/index.html>

Company profile

**History**

Date	Major event
July 1968	Matsui Design Office was founded in Sobudai, Sagamihara City, Kanagawa Prefecture Started the first five-year plan, "Develop the Company"
January 1971	Renamed the Matsui Design Office as Altech Inc., and established it in Sobudai, Sagamihara City, Kanagawa Prefecture
July 1973	Started the second five-year plan, "Increase Business with Prime Customers and Maintain Internal Capital"
July 1978	Started the third five-year plan, "Implement an Institutionalization of the Company and Improve Technical Capabilities"
January 1981	Moved head office to Kyowa, Sagamihara City, Kanagawa Prefecture
March 1981	Reorganized the organization and transferred it to Altech Corporation
July 1983	Started the fourth five-year plan, "To be an International company and Develop Human Resources"
April 1984	Opened the Tohoku business office in Koriyama City, Fukushima Prefecture
April 1985	Opened the Shinshu business office in Shiojiri City, Nagano Prefecture
July 1985	Constructed a building in Nishi-Hashimoto, Sagamihara City, Kanagawa Prefecture and relocation of Head Office to
February 1986	Established Kita Kanto business office in Fukaya City, Saitama Prefecture
April 1986	Established subsidiary Technical Training Center CO., LTD. (currently, ALPS BUSINESS SERVICE CORPORATION) from the technical training department
July 1988	Started the fifth five-year plan, "Restructuring of the Organization and Developing the Company's own Technology."
December 1989	Established Tateshina Techno Park in Chino City, Nagano Prefecture, started production of in-house developed products and the design and production of precision machinery
October 1990	Adopted a divisional organization structure to utilize profit center management and accounting systems. Established six business division below the Tohoku business division
July 1993	Started the sixth five-year plan, "Nurture High-quality Human Resources for High-quality Companies"
June 1996	Altech is listed on the OTC market of the Japan Securities Dealers Association (currently, JASDAQ) Increased capital to ¥832,619,000
July 1997	Increased capital to ¥1,502,219,000
January 1998	The Tokyo Business Division was separated from the Kanto Division, and the West Japan Division divided into the Osaka Division, the Nagoya Division and the Kyushu Division, and the Tateshina Techno Park was newly established from the Chubu Division. In addition to Tohoku Division, the Company became an eight-business division structure
July 1998	Started the seventh five-year plan, "Restructuring our Business Field and our Core Competencies."
September 1998	Completed the new building of Chubu business division as own property in Shiojiri City, Nagano Prefecture
December 1998	Established the Taiwanese subsidiary (currently, ALPSGIKEN TAIWAN CO., LTD.), in Taipei City, Taiwan
October 1999	Utsunomiya Factory (now Utsunomiya Techno Park) opened in Yaita City, Tochigi prefecture
July 2000	Tateshina Techno Park No. 2 factory completed
September 2000	Listed on the second section of the Tokyo Stock Exchange (listing date September 28, 2000)
July 2001	Completed a new building and the Training Center Relocated the Head Office
March 2003	Introduced a business headquarters system from the business division system (four blocks nationwide)
July 2003	Started the eighth five-year plan, "Creation of New Corporate Value"
October 2004	Entered-into a technical alliance with Qingdao University of Science Technology in China, opened the "Machinery Design Education Program"
December 2004	Listed on the Tokyo Stock Exchange First Section. (first section designation date, December 1, 2004)
July 2005	Introduced the central organization structure to upgrade risk management capabilities.
April 2006	Entered-into a technical alliance with China University of Petroleum, established the China University of Petroleum ALPS International Engineer Education Center
July 2006	Issued 1st unsecured convertible bond type bonds with stock acquisition rights of ¥2 billion
January 2007	Opened the Atsugi Sales Office
February 2007	Participated in the establishment of the Nippon Engineering Outsourcing Association (currently, NEOA (public interest incorporated association))
March 2007	Established subsidiary ALTECH QINGDAO CO., LTD. in Qingdao City, China
July 2007	Opened the ALPS Qingdao Education Development Center (Qingdao City, China)
October, 2007	Opened the Tsukuba Sales Office (currently, the Hitachi Sales Office)
July 2008	Started the ninth five-year plan "Leap to be a Leading Company"
January 2009	Established the subsidiary Altech Forest Corporation.
March 2009	Opened the Takasaki Sales Office
March 2010	Established the subsidiary Altech Shanghai CO., LTD. (CHINA) in Shanghai, China
March 2011	Relocated Head Office to Minato Mirai, Nishi Ward, Yokohama City, Kanagawa Prefecture Opened the Hitachi Sales Office
February 2012	Opened the Kyoto Sales Office
August 2012	Established the subsidiary Alps Career Designing Corporation in Chiyoda Ward, Tokyo

We encourage readers to review our complete legal statement on "Disclaimer" page.

Company profile

Date	Major event
July 2013	Started the tenth five-year plan "Expansion of Enterprise Scale through Innovation" ~ Accelerate growth as we move toward our 50th anniversary ~
December 2014	Subsidiary Altech Forest Corporation removed from the scope of consolidation on the transfer of shares
April 2015	Opened Yangon branch office in Myanmar (Yangon city)
September 2016	Made PANA R&D CO., LTD. a consolidated subsidiary Alps Business Services Corporation merged with Alps Career Designing Cooperation
April 2017	Start of broadcasts of TV commercials
September 2017	Divided the Nagoya Sales Office into the Nagoya Office I and the Nagoya Office II, and opened the Himeji Sales Office
April 2018	Established Agri & Care Corporation in order to enter into new business fields (agriculture- and nursing care-related fields)
July 2018	Started eleventh five-year plan, the Reinvestment of Management Resources toward the New Industrial Revolution
September 2018	Opened the Shizuoka Sales Office, completed the Altech Corporation Building No. 2
May 2020	Conducted a capital increase for DONKEY Corporation and made it an affiliate
July 2020	Made Digital Spice Corporation a consolidated subsidiary (capital: ¥27,500,000)
October 2020	Established the subsidiary ALPSGIKEN MYANMAR CO., LTD. in Myanmar (Yangon City)

Source: Prepared by FISCO from the Company's website

## Business performance

### Increasing the number of mobilized employees by actively recruiting new graduates and mobilizing them at an early stage, while the growth in results is being driven by improvement in the contract unit price

#### 1. Trends in past results (consolidated)

Looking at results up to the present time, we see that they have steadily grown alongside the increase in the number of engineer employees. In particular, since FY12/14, despite the ongoing severe recruitment environment, the Company has still been able to recruit around 250 new graduates a year and realize their early mobilization, and this has driven the growth in results. It can be said that recruiting around 250 new graduates every year and around 80 global personnel in fields with high levels of specialism, and then completing their training at an early stage by promoting the team formation\*1 and maintaining a high mobilization rate is a growth model that only the Company is capable of. For the contract unit price\*2 also, a performance indicator just as important as the number of mobilized employees, the market value is steadily rising every year from the skills development programs and planned rotations based on the carrier plans of each worker. Moreover, the collaboration with consolidated subsidiary ALPS BUSINESS SERVICE, expansion of overseas business, and performance of PANA R&D and Agri & Care contributed to the growth in the consolidated results. Even in FY12/20 when results were impacted by the coronavirus, there were no major changes to the trends of the performance indicators that the Company prioritizes, which can be said to confirm the robustness of its businesses.

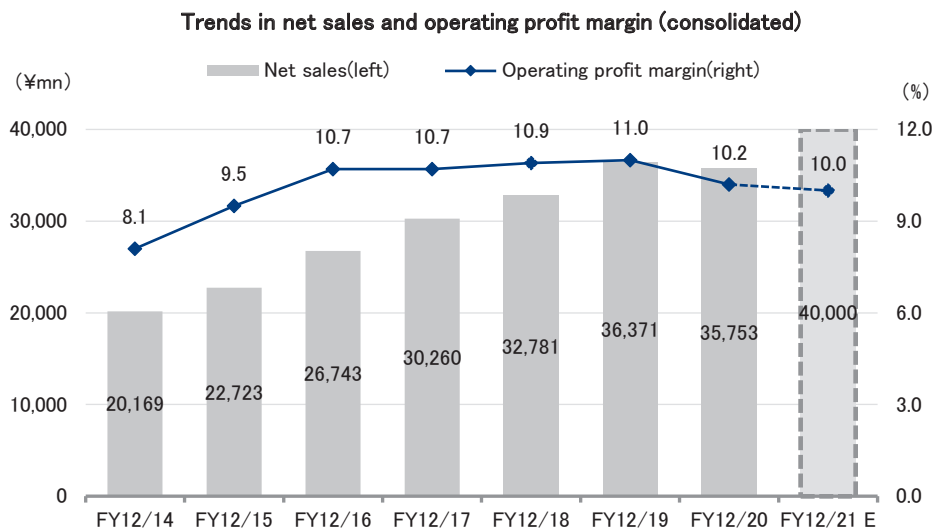
\*1 By utilizing team assignments (consisting of multiple people), new employees can work while being guided, educated and trained by senior engineers, enabling a strategy for their early mobilization. It seems that this framework is also highly evaluated by customers, as it gives them peace of mind.

\*2 The unit price per hour based on the contract with the customer. Unlike the actual unit price that constitutes sales, it does not include overtime.

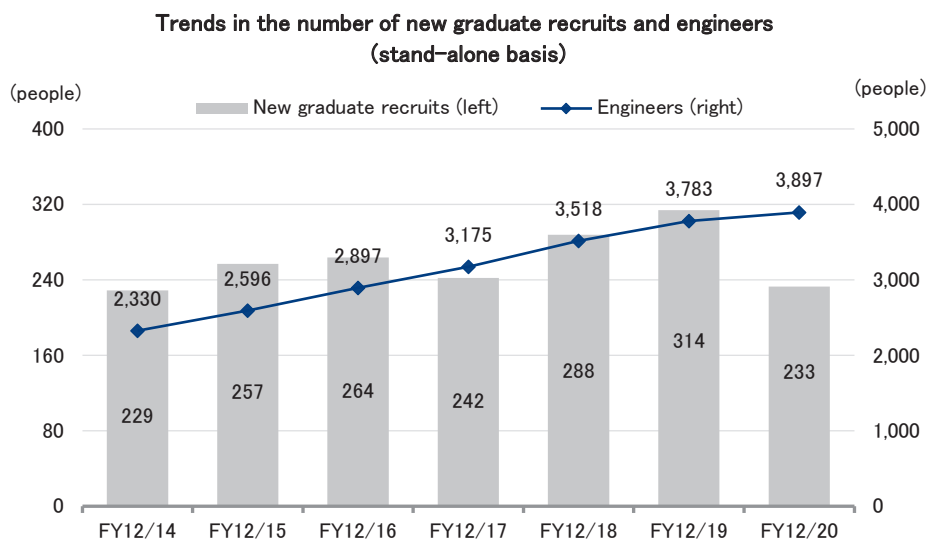
In profit-loss, profits have trended upward alongside the growth in net sales. The operating profit margin has also improved, and in the last few years, it has trended at a high level of above 10%.

Business performance

For the Company's financial condition, total assets grew following the increases in cash and deposits and other items, and while the equity ratio is trending downward slightly, it remains at a level of above 60%. On the other hand, ROE, which indicates capital efficiency, is rising year by year, and in FY12/17, it reached a level of above 20%. Therefore, the Company's financial condition can be evaluated as being extremely good. It also has plentiful liquidity on hand (cash and deposits), which serves as a buffer against unforeseen circumstances and expands the range of strategies it can adopt for growth, so it will be necessary to pay attention to M&A and other developments in the future.

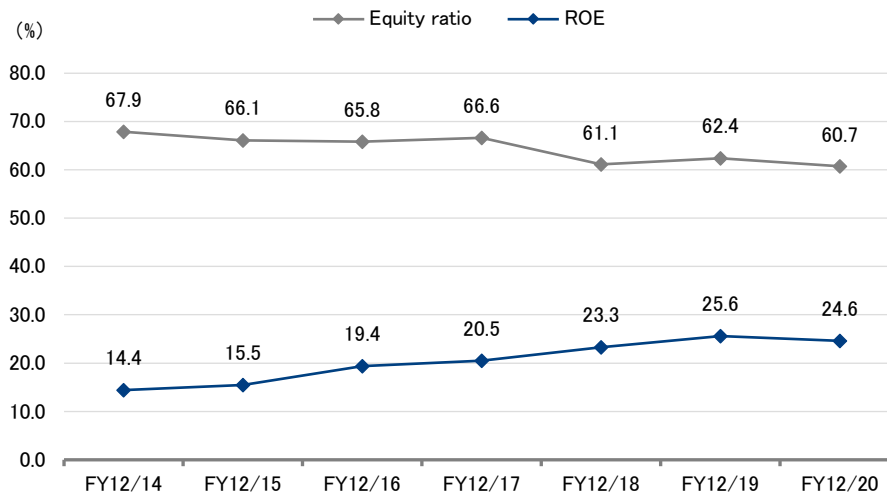


Source: Prepared by FISCO from the Company's financial results



Source: Prepared by FISCO from the Company's briefing materials

## Business performance

**Trends in equity ratio and ROE**


Source: Prepared by FISCO from the Company's financial results

**In FY12/20, although sales declined slightly due to the impact of the coronavirus, still realized an increase in ordinary profit, including by reducing costs. The mobilization rate, which temporarily declined, is gradually recovering**

## 2. Overview of FY12/20 results

In the FY12/20 consolidated results, net sales decreased 1.7% YoY to ¥35,753mn, operating profit declined 9.3% to ¥3,640mn, ordinary profit increased 12.1% to ¥4,595mn, and profit attributable to owners of parent grew 5.1% to ¥3,057mn. So, although net sales decreased slightly and operating profit declined, the Company was still able to secure an increase in profits at the ordinary profit stage.

For net sales, the effects of the addition of Digital Spice, which was made a consolidated subsidiary on July 2020\*, and the growth of the results of Agri & Care, which is conducting new businesses, both contributed. However, it fell short of the target due to the coronavirus causing a decline in mobilization hours (increase in temporary closures, restrictions on overtime, etc.) and decline in sales from the Global Business. Also, the number of working hours did not grow as much as expected due to the decline of the mobilization rate because of the impact of the coronavirus, and this was a factor causing results to be below forecast. However, the mobilization rate is currently gradually recovering.

\* At FISCO, we estimate this to be an increase factor of slightly less than ¥500mn.

In profits, profits were kept down by the decline in sales, but the Company reduced SG&A expenses and allocated employment adjustment subsidies as cost of sales to maintain employment, and it was able to secure an increase in profits at the ordinary profit stage. In particular, the reduction in costs through the proactive cost-cutting measures and the effects of anti-infection measures (including not holding training and events) can be said to have contributed greatly to the increase in profits, and the ordinary profit margin improved significantly to 12.9% (11.3% in the previous period).

We encourage readers to review our complete legal statement on "Disclaimer" page.

**Altech Corporation** | 8-Apr.-2021  
 4641 Tokyo Stock Exchange First Section | <https://www.alpsgiken.co.jp/english/index.html>

Business performance

Financially, total assets were up 7.8% compared to the end of the previous fiscal year to ¥20,996mn, mainly due to the increase in cash and deposits. Shareholders' equity increased 5.0% to ¥12,746mn, including due to the accumulation of internal reserves, and therefore the equity ratio was maintained at a level of above 60%, at 60.7% (62.4% in the previous period).

Overview of FY12/20 results

	FY12/19		FY12/20		YoY		FY12/21			
	Results	% of sales	Results	% of sales	Change	Rate of change	Forecast	% of sales	Difference	Achievement rate
Net sales	36,371		35,753		-617	-1.7%	38,320		-2,566	93.3%
Outsourcing Business	33,911	93.2%	34,715	97.1%	804	2.4%	-	-	-	-
Global Business	2,460	6.8%	1,038	2.9%	-1,421	-57.8%	-	-	-	-
Cost of sales	27,173	74.7%	27,289	76.3%	116	0.4%	-	-	-	-
SG&A expenses	5,183	14.3%	4,823	13.5%	-359	-6.9%	-	-	-	-
Operating profit	4,014	11.0%	3,640	10.2%	-374	-9.3%	4,270	11.1%	-629	85.3%
Outsourcing Business	3,831	11.3%	3,430	9.9%	-401	-10.5%	-	-	-	-
Global Business	180	7.3%	207	20.0%	27	15.1%	-	-	-	-
Ordinary profit	4,098	11.3%	4,595	12.9%	497	12.1%	4,270	11.1%	325	107.6%
Profit attributable to owners of parent	2,908	8.0%	3,057	8.6%	149	5.1%	2,910	7.6%	147	105.1%
Number of engineers	3,783		3,897		114					
Number of mobilized employees	3,506		3,555		49					
Mobilization hours*1	165		162		-3					
Contract unit price*2	4,027		4,066		39					

\*1 Hours worked per month, corresponding to work as an engineer

\*2 The unit price per hour based on the contract with the customer. Unlike the actual unit price that constitutes sales, it does not include overtime.

Note: Percentages related to operating profit represent the ratio of operating profit to net sales for each segment

Source: Prepared by FISCO from the Company's financial results and briefing materials

FY12/20 financial condition

	End-FY12/19	End-FY12/20	YoY	
			Change	Rate of change
Current assets	13,405	14,657	1,252	9.3%
Cash and deposits	7,442	8,619	1,178	15.8%
Notes and accounts receivable - trade	5,382	5,227	-154	-2.9%
Work in process	155	267	112	72.0%
Non-current assets	6,066	6,339	273	4.5%
Goodwill	277	411	133	48.3%
Total assets	19,471	20,996	1,525	7.8%
Current liabilities	6,988	7,768	778	11.2%
Accounts payable - trade	1,559	1,630	71	4.6%
Short-term loans payable	700	1,058	358	51.2%
Non-current liabilities	317	457	140	44.2%
Total liabilities	7,305	8,225	920	12.6%
Net assets	12,165	12,771	605	5.0%
Shareholders' equity	12,142	12,746	603	5.0%
Current ratio	191.8%	188.7%	-3.1pt	-
Equity ratio	62.4%	60.7%	-1.7pt	-
Interest-bearing debt ratio	5.8%	9.2%	3.4pt	-

Source: Prepared by FISCO from the Company's financial results

Business performance

Overview of each segment is outlined below.

**(1) Outsourcing Business**

Net sales increased 2.4% YoY to ¥34,715mn and segment profit decreased 10.5% to ¥3,430mn. The addition of the results of Digital Spice, which was made a consolidated subsidiary in July 2020, and the growth of the results of Agri & Care, which conducts new businesses, both contributed to the increase in sales. However, looking at the Company on a stand-alone basis, net sales declined slightly, down 0.2% YoY, due to the decrease in mobilization hours (increase in temporary closures, restrictions on overtime, etc.) because of the impact of the coronavirus.

Each of the performance indicators (stand-alone) that the Company prioritizes increased, with 3,897 engineers at the end of the period (up 114 engineers compared to the end of the previous period), an average of 3,555 mobilized engineers (up 49 engineers), and an average contract unit price of ¥4,066 (up ¥39). However, average mobilization hours per engineer declined to 162 hours (down 3 hours YoY). There were two main reasons for this decrease in mobilization hours: 1) a trend-type structural factor due to workstyle reforms in the last few years and 2) the impact of the coronavirus, a temporary, special factor. The second factor is currently having a significant impact, so it is considered that the downward trend will halt once the coronavirus situation settles down. Also, the reason why the increase in the average number of mobilized engineers was only 49 engineers YoY was that delays occurred in decisions to mobilize new graduate recruits (233 people in total) due to the impact of the coronavirus. However, it seems that the mobilization rate, which temporarily declined, is gradually recovering\*. By industry, the composition ratios are increasing in strongly performing fields in which demand is growing during the coronavirus pandemic, such as semiconductors, medical-related, and software development.

\* The annual average mobilization rate declined to 92.1% (95.4% in the previous period). In particular, the average fell to 89.2% in 2Q, but recovered to 92.2% in 4Q.

In the Group companies, results were basically strong in ALPS BUSINESS SERVICE and PANA R&D. In addition, in Agri & Care, which is conducting new businesses, results steadily grew in the previously launched agriculture-related business due to the assignments for agriculture (farm work) workers, for which demand is increasing on a nationwide scale.

For profits, although profit decreased due to the downward swing in the mobilization rate caused by the coronavirus, the Company secured an overall profit due to reductions in SG&A expenses and using employment adjustment subsidies to cover costs to maintain employment.

**(2) Global Business**

Net sales decreased 57.8% YoY to ¥1,038mn and segment profit increased 15.1% to ¥207mn, so although sales declined, profits grew. Net sales declined compared to FY12/19, in which there was a large-scale project in the engineering business. But in profits, an increase in profits was secured, mainly due to the contribution of highly profitable human resource services.

**3. Summary of FY12/20 results**

To summarize FY12/20, the Company can be highly evaluated on the point of securing an increase in ordinary profit, mainly by reducing SG&A expenses, while increasing the number of engineers through active, continuous recruitment even during the coronavirus pandemic. Also, in a situation in which demand is growing in strongly performing fields such as semiconductors, medical-related, and software development, the mobilization rate, which had temporarily declined, has been gradually recovering. In addition, new businesses (particularly in the agriculture-related field) have made steady starts, which can be said to have created a solid foothold for the future.

## ■ Main activities and achievements

**While implementing measures in response to the coronavirus, strengthened standing in the manufacturing field through M&A, while a new business (agriculture-related field) is also steadily achieving results**

### 1. Measures in response to the coronavirus

In order to respond to the coronavirus pandemic, the Company established a response headquarters and is implementing measures with the safety of customers (assignment destinations) and employees as the highest priority. In particular, in addition to responding flexibly and speedily to conditions and requests of customers (assignment destinations), it is promoting employees work from home and commute outside peak hours, prohibiting overseas business trips in principle, utilizing video conferencing, and conducting online training. In such ways, it intends to continue to responsively conduct measures for changes to workstyles and operations until the time when the coronavirus pandemic is considered to have settled down. It is also using this opportunity to work to convert to a structure that is adapted to the new normal, including conducting online recruitment, enhancing online courses, and responding to remote working.

### 2. Recruitment results

For the recruitment of human resources who will drive the Company's growth, it recruited 233 new graduates (314 people in the previous fiscal year) and 100 global human resources\* (80 people in the previous fiscal year) in 2020. However, the recruitment of mid-career hires which put a priority on quality, was slightly less than in the previous fiscal year at 80 people (150 people in the previous period), but overall recruitment can be said to have been steady, even during the coronavirus pandemic. It seems that it intends to recruit more new graduate recruits in 2021 than in 2020 through progressing new recruitment methods, including online recruitment. In general, the recruitment environment can be said to be difficult, but an advantage for the Company is that the awareness of job seekers has gradually changed from being completely orientated toward manufacturers to being orientated toward mainly prioritizing career formation. It seems that job seekers feel that the Company is meeting their needs for this through its efforts that include improving name recognition through active advertising activities and communicating the appeal of working for it through various recruitment activities. Moreover, its subsidiaries, ALPS BUSINESS SERVICE and PANA R&D, seem to have achieved significant results for recruitment by strengthening collaboration within the Group.

\* Of whom, it seems it recruited approximately 50 global engineers (50 people in the previous fiscal year) and around 50 agriculture (farm work) workers (30 people in the previous fiscal year) through the newly established residency status.



Main activities and achievements

**3. Strengthening the Group structure**

Through a joint investment by five companies, including the Company, DONKEY\*1 was established in March 2020 to conduct work from R&D through to sales of autonomous multifunctional robots and made it an affiliate in May 2020 (equity-method affiliate). The Company then acquired all of the shares of Digital Spice\*2 in July 2020, and newly added to the Group (as a consolidated subsidiary). Moreover, in October 2020, ALPSGIKEN MYANMAR CO., LTD. was established to conduct a business to develop human resources who can be active in various fields, including the technologies, agriculture and nursing care fields, through the management of the Altech Higher Vocational Training College. So the Company also implemented measures for a new Group structure.

\*1 The Company is participating in and creating a business for the Next-Generation Agricultural Robot Development Consortium launched by The Japan Research Institute, Limited and Keio University in November 2017. The Company's policy is to contribute to reducing the labor burden and improving efficiency through the provision of small, autonomous, multifunctional robots and related services toward solving various problems in domestic agriculture, which is facing problems including a labor shortage and declining profitability. In addition to the Company, the consortium is being conducted through a joint investment by T.D.I. CO., LTD., The Japan Research Institute, YUASA TRADING CO., LTD. <8074>, and Watanabe Pipe Co., Ltd. (in the order of the Japanese alphabet).

\*2 Over approximately 20 years, it has been involved in outsourcing operations and assigning engineers in the fields of machinery, electricity and electronics, and software, and with the motto of "From Shinshu to the World," it has carried out a series of operations for design and development, with digital technologies as its core technologies. In recent years, it has supported customers' manufacturing as a group of professionals with advanced technological capabilities, including cooperating in the development of Hayabusa, the small-scale exploration spacecraft. Through the Company's manufacturing centers and the creation of synergies (human resources, technologies, exchanges, etc.) and the coalescing of their expertise, the aims are to create high added value and to expand the manufacturing areas.

**4. Progress made in new businesses (agriculture- and nursing care-related fields)**

In new business fields, the agriculture-related business was launched first, and in September 2019, a Group human resources assignment company was the first company in all of Japan to acquire the new "Specified Skilled Worker (i)" residency status for foreigners, and it has been assigning agri-tech and agriculture (farm work) workers from China, Myanmar, and Vietnam to various work nationwide. On entering 2020, restrictions were placed on accepting overseas human resources due to the impact of the coronavirus. But within Japan, the shortage of agriculture (farm work) workers has become a conspicuous problem, and by steadily progressing the training and assigning of overseas human resources that were accepted before the coronavirus started to spread, the Group's track record of transactions nationwide has been steadily increasing. It is working to acquire new customers for assignments in advance of the restart of the acceptance of overseas human resources.

**Track record of transactions in the agriculture business**

Track record of transactions in the agriculture business (excerpt)



Source: From the Company's briefing materials

We encourage readers to review our complete legal statement on "Disclaimer" page.

## ■ Business outlook

### Outlook is to return to a growth path in the medium term through a significant increase in sales and an increase in operating profit in FY12/21

#### 1. Outlook for FY12/21

For the FY12/21 results, the Company is forecasting a major increase in net sales and operating profit, with net sales to increase 11.9% YoY to ¥40,000mn, operating profit to rise 9.9% to ¥4,000mn, ordinary profit to decrease 4.3% to ¥4,400mn, and profit attributable to owners of parent to grow 0.1% to ¥3,060mn. Its policy is to return to a growth track in the medium term from recovering from FY12/20 when results were impacted by the coronavirus.

Net sales are expected to grow significantly against the backdrop of strong customer needs, including for cutting-edge technologies and next-generation vehicles. In particular, although the coronavirus is expected to have an impact to a certain extent in 1H FY12/21, it seems that a recovery toward fully fledged growth in 2H is expected. For the Company on a stand-alone basis, the outlook is that results growth will continue to be driven by the increases in engineers and mobilized engineers (the recovery of the mobilization rate) and improvement in the contract unit price. (However, it has set conservative estimates due to concerns about an economic slowdown, and it seems to be anticipating that the number of hours worked will be restricted.) The plan is for more new graduate recruits to join the Company in April 2021 than in 2020 and to recruit 120 mid-career hires throughout the year. The plan is also to recruit about 100 global human resources in total, including global engineers and agriculture (farm work) workers. In addition, the effects of making Digital Spice a consolidated subsidiary and the growth of the results of Agri & Care in the agriculture-related field seen in FY12/20 are expected to continue.

#### 2. Plan for activities

##### (1) Measures to create next-generation strengths (individual)

The Company continues to realize a virtuous circle for the three main pillars (recruitment, education, and sales) that support its growth. In particular, its policy is to recruit and train appropriately for the new normal, and aim to ascertain in advance changes to technologies and industries, and to respond to growth fields.

##### a) Recruitment

The Company will work on measures including 1) building new recruitment channels, such as online recruitment; 2) strengthening the employee referral system to acquire work-ready recruits; and 3) acquiring overseas bases as training and recruitment candidate sites. It plans to recruit 300 new graduates in 2022 and 120 mid-career hires in 2021.

##### b) Education

With the aim of educating human resources who are adapted to the new normal, the Company will work on measures including 1) enhancing online courses, 2) educating advanced human resources in cutting-edge technologies and growth fields, and 3) conducting technology training that meets customer needs.

##### c) Sales

Aims include 1) increasing transactions with growth companies and in growth fields, 2) strengthening collaborations with engineers and proposing team recruitment, and 3) speeding up the process from proposal to closing.

## Business outlook

**(2) Measures for the Group**

Measures include predicting changes before they occur and further strengthening collaboration in the Group with a sense of speed.

**a) Domestic business**

ALPS BUSINESS SERVICE is working to improve results and employee treatment through measures to strengthen people and companies. On the other hand, PANA R&D is aiming to utilize its advanced technological capabilities to expand contracts and outsourced work in growth fields, such as CASE\*. Also, Agri & Care, which has made a steady start, is aiming to strengthen its sales capabilities and improve the quality of services by following-up on and developing overseas human resources. In Digital Spice, which has newly joined the Group, the policies are to continue to strengthen sales of own-brand products and to steadily implement measures for the space business.

\* An acronym for Connected, Autonomous (driving), Shared & Services (car sharing and services), and Electric (electric vehicles). It has been attracting attention as a keyword indicating the direction that the automotive industry will take on entering a new era of reforms. It can be said to be a field in which PANA R&D, whose main product is a genuine car navigation device that requires advanced technological capabilities and reliability, is in a unique position to utilize its track record and expertise.

**b) Overseas business**

In addition to further expanding the existing businesses (installing production facilities, etc., for Japanese companies and others, and providing maintenance and human resource services), the Group is working to increase recruitment through practical education. Also, for the acceptance of global human resources within Japan, it is continuing to strengthen recruitment and seems to be planning to work to build a foundation for the nursing care business.

**3. View of FISCO's analysts**

At FISCO, although the future remains unclear due to the impact of the coronavirus, we evaluate that the assumptions for the Company's results forecasts are sufficiently rational, including for the following reasons: 1) the R&D investment areas that the Company is targeting are long-term investment fields directly connected to its competitiveness in the future and in which strong demand is expected going forward; 2) even during the coronavirus pandemic, it has expanded its business foundation, including by recruiting and educating human resources; 3) the mobilization rate is currently recovering, mainly in strongly performing fields such as semiconductors, medical-related, and software development; 4) it is also working on recruitment and reforms to its educational system with an eye to the new normal; and 5) benefits from making Digital Spice a consolidated subsidiary are expected. The point to focus on is the progress made in the agriculture-related business, which has made a steady start. It appears that some time will still be required before its fully fledged contribution to results, while regarding business expansion in the future, it would seem necessary to follow up on two aspects: conditions for the recruitment and training of human resources locally and acquisitions of customers for assignments within Japan. We shall also be paying attention to what kind of synergies are created through the collaborations with Digital Spice (collaborations for sales, expansion of the manufacturing areas, etc.).

## ■ Medium- to long-term growth strategy

### Aiming to expand the portfolio by developing new technologies and opening up markets, while also aiming for sustainable growth through solving societal problems

#### 1. Medium- to long-term growth vision

The Company has explained its direction for its next business development in terms of a portfolio with 4 quadrants divided on 2 axes, of markets and businesses / technologies, and into existing and new areas for each axis.

##### **(1) State-of-the-art technologies' (high-unit-price zone) development and design work (new markets, existing business / technologies)**

This is development and design work in various advanced-technology areas, including AI and IoT, robots, hybrid and EV vehicles, aerospace-related, and medical-related, and the Company is responding to changes in technologies to meet societal needs to expand into corresponding markets. It is already actively training human resources toward increasing the number of mobilized employees in the AI and cutting-edge technology fields.

##### **(2) Investigating potential new businesses (new markets, new business / technologies)**

The Company intends to advance various measures, including utilizing nursing care human resources, opening-up other fields (including the agri-business), and conducting M&A. As previously mentioned, it has decided to establish a new company for the agriculture- and nursing care-related fields, and it has begun specific measures toward the development of a new worker assignment business.

##### **(3) Global development (existing markets, new business / technologies)**

Basically, this is the provision of services like the construction and management of production facilities locally alongside the overseas expansion of its customer companies. For the time being, the Company's regional focus is on China and Asia, and it is also aiming to utilize global engineers, such as to act as bridging engineers.

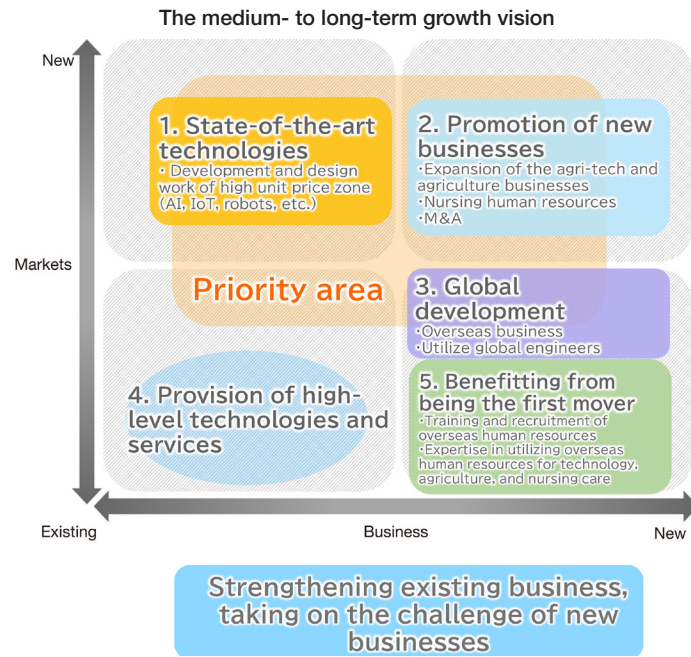
##### **(4) Provision of high-level technological services (existing markets, existing business / technologies)**

These are existing services, such as for machinery design, electricity and electronics design, and development. They are the Company's stable source of earnings and going forward, it is aiming to strengthen the project management structure and other structures for business expansion.

##### **(5) Obtaining the first-mover advantage (existing markets and new businesses)**

The Company will obtain the first-mover advantage from its expertise in the recruitment and training of human resources and utilization of overseas human resources in the technologies, agriculture and nursing care fields.

Medium- to long-term growth strategy



Source: From the Company's briefing materials

## 2. The medium-term management plan (rolling-type)

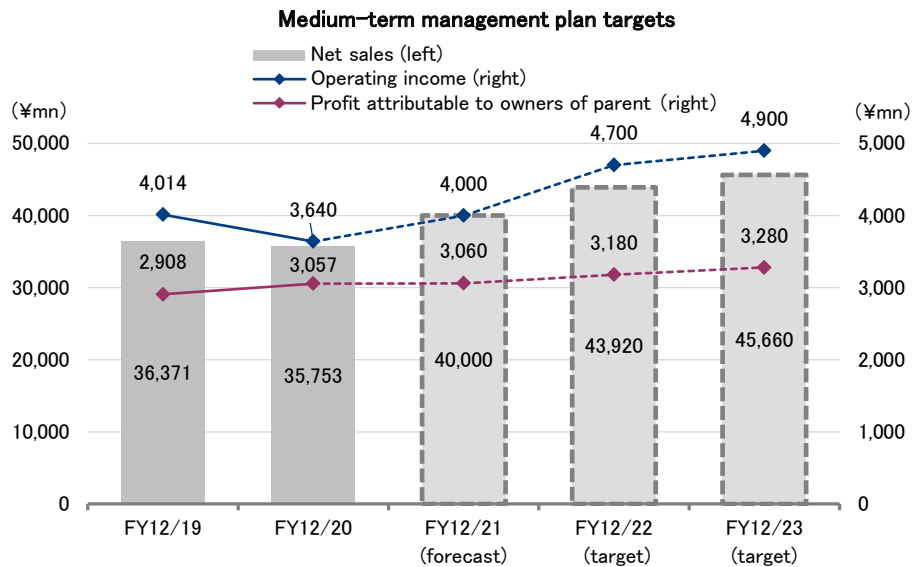
Since its foundation, the Company has been formulating qualitative targets for every five years and quantitative targets for every three years (rolling targets in the medium-term management plan). On the 50th anniversary of its foundation in July 2018, it announced the next five-year plan (updated the qualitative targets) on the fully fledged start of the second foundation period. With the Reinvestment of Management Resources toward the New Industrial Revolution as the theme, it is implementing the three measures described below. A point particularly worthy of praise is that the Company is specifically conducting activities toward solving societal problems, such as investing in the agriculture- and nursing care-related fields.

\* The Company's Group supports the Sustainable Development Goals (SDGs) advocated by the United Nations and based on its "Heart to Heart" management philosophy, it is aiming to contribute to the achievement of the SDGs through its Outsourcing Business and other businesses, including by developing technologies. In August 2019, the Company newly established a page on its website on its promotion of SDGs, while it is also listed on the website of the Ministry of Foreign Affairs as a company that is promoting SDGs.

- (1) Create sustainable competitive advantages in the outsourcing market
- (2) Accelerate growth and strengthen the earnings foundation by increasing investment
- (3) Optimize human resource development and the organization in response to changes in the business environment

In the three-year (rolling) medium-term management plan, it has set quantitative targets for FY12/23 of net sales of ¥45,660mn, operating profit of ¥4,900mn, and profit attributable to owners of parent of ¥3,280mn, while it also intends to secure ROE of 20% or above.

Medium- to long-term growth strategy



Source: Prepared by FISCO from the Company's briefing materials

### 3. Industry trends and the Company's position

The number of assignment workers nationwide peaked at 2.02mn at the time of the Lehman Shock in 2008 and then trended downward, but this decline bottomed-out in 2013 and by 2019 it had recovered to 1.56mn. Also, due to developments such as the revisions to the Worker Dispatching Act and the introduction of the equal pay for equal work system (both on April 1, 2020)\*, the environment surrounding the assignment business is approaching a major turning point. This is that it is considered that aspects such as the technological capabilities and expertise of the assignment employees, and what the companies that they are assigned to expect from these employees, will change greatly in the future. Simply put, needs will be strong for human resources who possess new and advanced technological capabilities and expertise, but work in downstream processes is likely to change greatly, depending on economic trends and other factors.

\* The equal pay for equal work system was introduced with the aim of eliminating the unfair differences in treatment between so-called regular employees (full-time workers recruited for an indefinite period) and non-regular employees (employees recruited for a fixed period, part time workers, and assignment workers) working in the same company or organization. Generally, there are concerns about the effects of introducing this system, such as that the wages of non-regular employees will increase and that wage differences will grow among non-regular employees.

In the Company, engineers have a stable position through being recruited for an indefinite period (regular employees), and they receive education and training to have advanced technological capabilities and expertise. Therefore, they are trusted by customer companies. The results of the Company, which specializes in assignments of engineers recruited for an indefinite period, are expected to grow solidly. Of course, efforts will be needed to capture customer needs and to undertake upstream processes in industries requiring technological capabilities and expertise, such as the electricity and machinery, automotive, aviation and space industries. But it is considered its businesses can continuously grow through acquiring the trust of customers, supported by long-term human resources education.

Medium- to long-term growth strategy

Also, while the number of working hours per engineer is decreasing due to the impact of workstyle reforms, the number of engineers being requested is increasing. In addition to supplementing the labor shortage at manufacturers, it seems that a characteristic trend is that demand is increasing in cutting-edge technological areas that require skills in specific technologies. Therefore, going forward, whether the Company can acquire (develop) excellent engineers in the fields with the most cutting-edge technologies, which it has positioned as its priority fields, is likely to become an increasingly important factor for its success in the future.

#### 4. Points to focus on from FISCO's analysts

In a situation of a declining population in Japan and economic globalization, at FISCO we evaluate the Company's strategy for the direction of its business development, of ascertaining changes to the industrial structure and societal problems in the future, to be rational. Due to the impact of the coronavirus, the growth of net sales temporarily stalled in FY12/20, but there has been no change to the evaluation of the Company's medium- to long-term growth potential. Including the progress made in new businesses, the point to focus on in the future would seem to be how will its responses to the new technological fields in which demand is growing and its measures to solve societal problems connect to sustainable growth. In particular, it seems that its success or failure in the agriculture- and nursing care-related fields will be determined by whether or not the Company itself can go ahead of other companies to create new markets, and whether or not its utilization of cutting-edge technologies and accumulation of expertise will lead not only to solving the labor-shortage problem, but also to improving productivity (and securing profitability). So it will continue to be necessary to pay attention to M&A that leverages its solid financial foundation.

## Shareholder return policy

**Aims for a dividend payout ratio of 50% on a consolidated basis. In FY12/20, increased the dividend by ¥5.0 compared to the forecast for an annual dividend of ¥75.0**

### 1. Basic dividend policy

The Company pays dividends as its policy to return profits to shareholders. It aims for a dividend payout ratio on a consolidated basis of 50%, and its basic policy is to pay an annual dividend of ¥10.0, regardless of results.

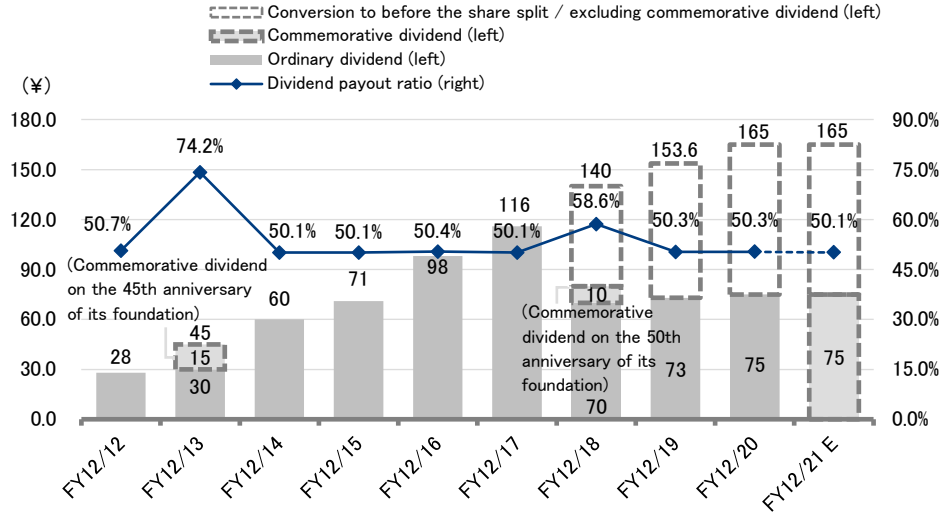
### 2. Dividend trend and plan

Even during the coronavirus pandemic, profits increased more than forecast, mainly due to cost reductions. Therefore, for the FY12/20 dividend per share, the Company upwardly revised the period-end dividend by ¥5.0 compared to the initial forecast and paid an annual ordinary dividend of ¥75.0 (interim dividend ¥35.0, period-end dividend ¥40.0).

At the current time, for FY12/21 the Company plans to pay an annual dividend per share of ¥75.0 (interim dividend of ¥37.0 and period-end dividend of ¥38.0)\*, the same amount as the previous fiscal year, (for a dividend payout ratio of 50.1%).

Shareholder return policy

Dividend and dividend payout ratio



Note: Figures have been retroactively revised to take into account the Company having conducted a 2 for 1 share split on January 1, 2018, and a 1.1 for 1 share split on July 1, 2019.  
 Source: Prepared by FISCO from the Company's financial results

## Information security

The Company Group works on maintaining information security as a priority, because its engineers work externally at the places to which they are assigned. Specifically, it is constructing a system to thoroughly ensure information security through establishing a personal information protection policy, an information security basic policy, and related regulations, and it is managing these policies and regulations appropriately and educating all employees on them. It also regularly provides thorough guidance on compliance with security rules at the places to which its engineers are assigned.



## Disclaimer

FISCO Ltd. ("FISCO") offer stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Stock Exchange and Nikkei Inc.

This report is provided solely for the purpose of offering information, and is not a solicitation of investment nor any other act or action.

FISCO prepared and published this report based on information which it considered reliable; however, FISCO does not warrant the accuracy, completeness, fitness nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, securities and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be made based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions and all other contents contained herein are based on analysis by FISCO. The contents of this report are as of the time of the preparation hereof, and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text hereof, the data and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report upon accepting the above points.

■ For inquiry, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: [support@fisco.co.jp](mailto:support@fisco.co.jp)