# Altech Corporation

## 4641

Tokyo Stock Exchange Prime Market

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FISCO Ltd. Analyst
**Ikuo Shibata**

FISCO Ltd.
https://www.fisco.co.jp

# Contents

# Summary

## Results grew steadily again in FY12/24 amid a favorable ordering environment. Outlook for higher sales and profit again in FY12/25


### 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 since its foundation, it has consistently 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. Upon the 55th anniversary of its foundation in July 2023, it announced the twelfth five-year plan (qualitative targets) as its vision up to 2028. It is committed to strengthening its foundation for sustainable growth by leveraging cutting-edge technology to take on new domains and grow new revenue streams such as agriculture and nursing care business, and these efforts are now beginning to produce consistent results.

### 2. FY12/24 consolidated results

In FY12/24 consolidated results, the Company recorded increased sales and profit, with net sales of ¥49,858mn, up 7.9% year on year (YoY), and operating profit of ¥5,159mn, up 3.6%. The increase in net sales was supported by growth in the number of mobilized engineers (maintaining a high mobilization rate) and improvement in contract unit price amid a scenario of persisting investment in R&D to strengthen competitive advantages, especially in the semiconductor-related domain and the automotive industry where the development of next-generation automobiles is intensifying. On the earnings front, although results were subject to downward pressure associated with factors such as higher cost of sales accompanying improved compensation and upfront costs allocated to new businesses, the Company secured an increase in operating profit due to higher net sales and operating profit margin remained above the 10% level. In terms of its future-oriented initiatives, the Company achieved notable outcomes particularly with respect to the serviced senior housing business and the aerospace sector, positioned as a new domain.

### 3. FY12/25 forecasts

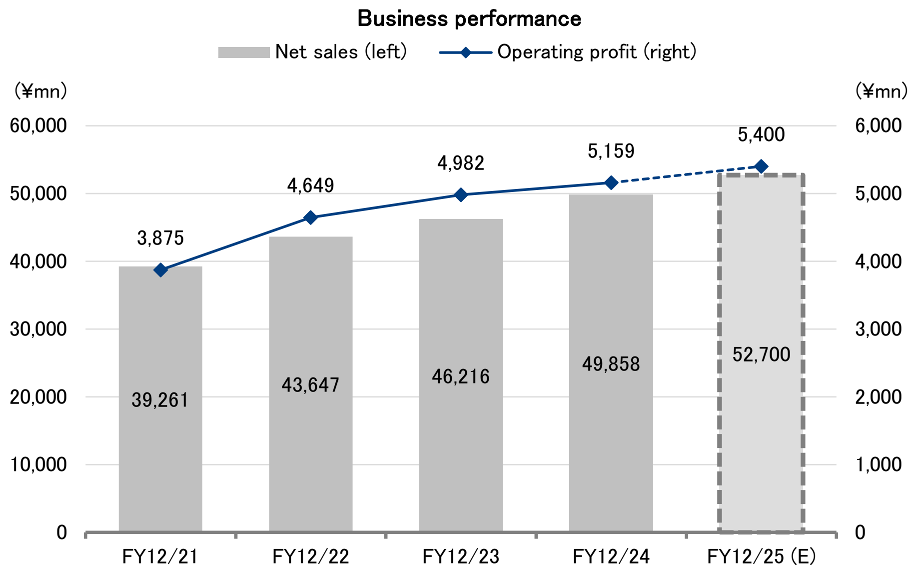
In its outlook for FY12/25, the Company is forecasting continued growth in sales and profits, with net sales to increase 5.7% YoY to ¥52,700mn and operating profit to increase 4.7% to ¥5,400mn. The outlook envisions a continuing trend of rising net sales and profits given prospects in the automotive and semiconductor-related domains amid continuance of robust R&D investment, and also given the Company's efforts to tap into strong customer demand in areas that include software development associated with the medical field and advanced technologies, which have been subject to growing demand.

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

Under the twelfth five-year plan (qualitative targets) released in July 2023, based on the theme "utilizing technology to challenge partners in a co-creative society," the Company cited the aims of (1) take on new domains of engineering outsourcing business, (2) develop new earnings pillars, (3) help create a sustainable, prosperous society, and (4) employ digitalization to foster an organizational culture where diverse personnel thrive. Also, in the three-year (rolling) medium-term management plan, it has set FY12/27 targets for net sales of ¥59,000mn, operating profit of ¥6,000mn, and ROE of 20% or above.

**Key Points**

- Achieved increased sales and profit in FY12/24, setting new record highs. This was accomplished through an increase in mobilized engineers (maintaining a high mobilization rate) and improvements to contract unit price
- Strong results particularly in serving the semiconductor-related and next-generation automotive fields supported by robust R&D investment, along with substantial growth in the aerospace sector, a new domain
- Outlook for persisting upward trend in sales and profit again in FY12/25
- The twelfth five-year plan (qualitative targets) entails taking on new domains by utilizing cutting-edge technology and also engaging in initiatives to achieve growth of new earnings pillars focusing on agriculture- and nursing care-related areas, based on the theme of "utilizing technology to challenge partners in a co-creative society"




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 highly skilled engineers that provides technical services according to customer requests

### 1. Company profile

The Company is a comprehensive engineering outsourcer 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, it 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 2008 financial crisis, it has not dismissed employees.

Since its foundation, the Company has consistently focused not only on strengthening technical capabilities but also on human education, guided by the belief that its employees should excel not only as engineers but also as members of society, as expressed in its corporate philosophy "Heart to Heart." In particular, the Company's strengths include its corporate organizational culture, which 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.

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

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 due to the abolition of specialized work classifications. Also, the acceptance of foreign workers (the establishment of a new residency status) has been 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. Although the Company was affected by immigration restrictions from FY12/20 onward due to the COVID-19 pandemic, it has recently made full-scale efforts to employ global human resources along with the lifting of the restrictions. In addition, equal pay for equal work regulations, which were enacted in April 2020, did not have a negative impact on the areas of development and design, since these areas traditionally achieve high unit prices.

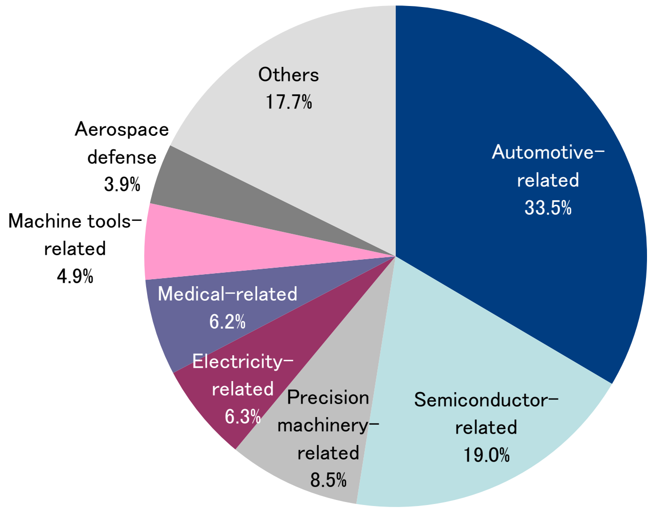
The Company has maintained close to full mobilization given that 4,435 of its 4,564 engineers were mobilized as of the end of December 2024 (standalone).

The Company's business segments consist of the Outsourcing Business, which is mainly an assignment and outsourcing business in Japan, the Global Business, which supports operations of Japanese companies overseas, and the newly added Other segment (serviced senior housing business). The Outsourcing Business accounts for a majority of the Company's net sales.

In net sales by industry, 33.5% is provided by automotive-related*, in which R&D investment is active, and a total of 33.8% by semiconductor, precision equipment and electrical machinery-related. Therefore, 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 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 Group and Sony Group) is 20.4%, so it avoids relying on a single company (FY12/24 results).

* Even if the technological field is electrical machinery, if the final product is an electric vehicle (EV), it is classified as "automotive-related."

Composition of net sales by industry (FY12/24 results)




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

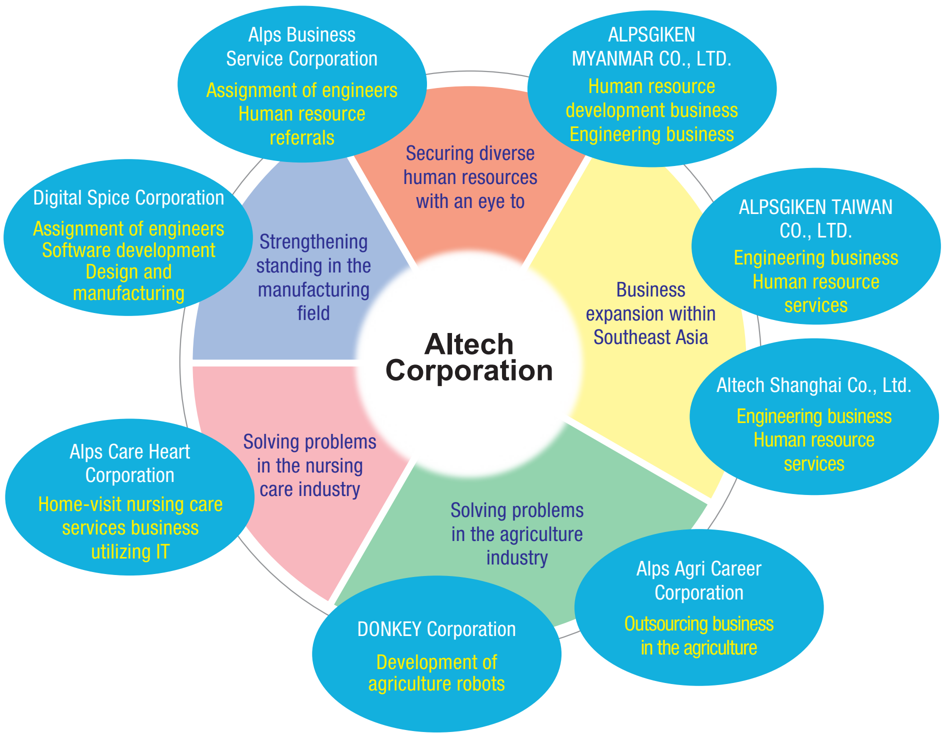
### 2. Group structure and bases

In total, there are seven consolidated subsidiaries: Alps Business Service Corporation, a provider of total staffing services, ALPSGIKEN TAIWAN CO., LTD. (Taiwan) and Altech Shanghai Co., Ltd. (China), which conduct the Global Business; as new businesses, Alps Agri Career Corporation, which operates in the agriculture-related field and Alps Care Heart Corporation, which operates in the nursing care-related field; Digital Spice Corporation*1, which joined the Group in July 2020, and DONKEY Corporation*2 which became a consolidated subsidiary in February 2022. The Group also includes the non-equity-method affiliate ALPSGIKEN MYANMAR CO., LTD., which was established in October 2020. The Group has approximately 6,000 employees, among which nearly 10% are global human resources. 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), the Company also has 2 techno parks for manufacturing, 26 sales offices in Japan, and 1 overseas branch (Myanmar).

*1 Digital Spice Corporation is engaged in the assignment of engineers and contracted business in the fields of machinery, electrical and electronics, and software, and handles a series of design and development work rooted in digital technology. In recent years, it has supported customers' manufacturing as a group of professionals equipped with advanced technological capabilities particularly harnessed with respect to cooperating in the development of the Hayabusa asteroid probe and the SLIM unmanned probe.

*2 DONKEY Corporation is the business which arose from the Company's participation in November 2017 in a consortium for the development of next-generation agricultural robots carried out by parties including The Japan Research Institute, Limited and Keio University.

Group structure




Source: The Company's website

### 3. Reportable segments

#### (1) Outsourcing Business

Outsourcing Business is the Company's core business. It specializes in the development and design fields, which are manufacturing upstream processes, and 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. 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 "mechanical and electrical integrated design." In particular, it utilizes its strength of having a unique business form with its own manufacturing bases (its own factories), and the Group overall has established a structure able to handle all 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.

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, and automotive-related, aerospace-related, medical-related, and robot development technologies for which further demand is expected. 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.

The consolidated subsidiaries associated with the Outsourcing Business include Alps Business Service, a provider of total staffing services, as well as Digital Spice and DONKEY.

**(2) Global Business**

The Company currently has three overseas subsidiaries, ALPSGIKEN TAIWAN, Altech Shanghai, and ALPSGIKEN MYANMAR, which was established in October 2020. In addition to work for installing production facilities and other facilities and providing maintenance and ancillary staffing services, ALPSGIKEN MYANMAR conducts business to develop human resources who can play active roles in various fields, including the fields of technology, agriculture, and nursing care, through the management of the Altech Higher Vocational Training College. The expansion of Global Business serves as one strategic axis amid the advancement of economic globalization.

**(3) Other segment**

The Company added Tanpopo Shiki no Mori* to the Group upon having made it a consolidated subsidiary on January 4, 2024. The Other segment mainly consists of the serviced senior housing business, which includes Fureai no Mori Sagami Lake future-oriented rental housing opened on May 27, 2024.

* Merger of Tanpopo Shiki no Mori into Alps Care Heart completed on July 1, 2024.

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

These businesses are being developed by Alps Agri Career (agriculture-related field), and Alps Care Heart (nursing care-related field). As they have only just been launched, they are currently 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, which is experiencing a noticeable shortage of human resources. 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. The Company seeks first-mover advantages in fields where it can utilize its advanced technological capabilities and expertise in developing human resources (including recruitment of global human resources) that it has cultivated up to now.

### 5. 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 (currently, Senior Advisor). 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 technical services according to customer requests." Furthermore, under the leadership of the former President and Representative Director Atsushi Imamura (currently, Advisor Director), it has been aiming to improve results and expand its business 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. In furthermore seeking to strengthen its management framework, the Company appointed Nobuyuki Watanabe to serve as Chairman and Yasushi Sudo to serve as President in March 2025, and has also clearly articulated its intentions going forward with respect to placing focus on solving various social issues, further developing a human resources business of professionals who perform tasks that only humans are capable of performing, and providing new value.

History

| Date | Major event |
|---|---|
| July 1968 | Matsui Design Office was founded in Sobudai, Sagamihara City, Kanagawa Prefecture<br>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 |
| February 1986 | Opened the 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<br>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)<br>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 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 (TSE) (listing date September 28, 2000) |
| July 2001 | Completed a new building and the Training Center<br>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" |

| Date | Major event |
|---|---|
| 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 TSE 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 ¥2.0 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. in Shanghai, China |
| March 2011 | Relocated Head Office to Minato Mirai, Nishi Ward, Yokohama City, Kanagawa Prefecture<br>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 |
| July 2013 | Started the tenth five-year plan, "Expansion of Enterprise Scale Through Innovation"<br>~ 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<br>ALPS BUSINESS SERIVCE CORPORATION merged with Alps Career Designing Cooporation |
| 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) (capital: ¥100,000,000) |
| July 2018 | Started eleventh five-year plan, "Reinvestment of Management Resources Toward the New Industrial Revolution" |
| September 2018 | 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) (capital: USD 200,000, including capital reserve) |
| July 2021 | Subsidiary Agri & Care Corporation changed its name to Alps Agri Career Corporation<br>Established the subsidiary Alps Care Heart Corporation (capital: ¥100,000,000) |
| February 2022 | Made DONKEY Corporation a consolidated subsidiary (capital: ¥250,000,000) |
| April 2022 | Transferred to the TSE Prime Market |
| April 2023 | Conducted an absorption-type split where subsidiary PANA R&D CO., LTD.'s consignment department was succeeded by the subsidiary Digital Spice Corporation, while its other departments were merged into Altech Corporation |
| July 2023 | Started the twelfth five-year plan, "Utilizing Technology to Challenge Partners in a Co-Creative Society" |
| July 2024 | Alps Care Heart merged with Tanpopo Shiki no Mori |

Source: Prepared by FISCO from the Company's website

# Business performance

## Growth in results driven by increasing the number of mobilized employees by actively recruiting new graduates and mobilizing them at an early stage, as well as improvement in the contract unit price

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

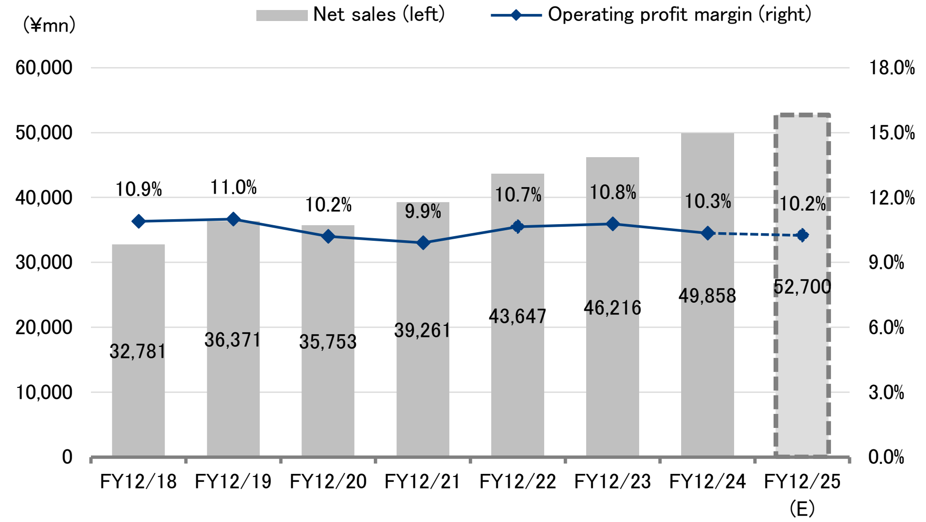
Looking back at business performance up to now, we see that it has steadily grown alongside the increase in the number of engineer employees. Particularly since FY12/14, despite the ongoing difficult recruitment environment, the Company has still been able to recruit around 200-300 new graduates per year and achieve early mobilization, which has driven the growth in results. It can be said that recruiting new graduates at a stable level every year and global human resources*1 in fields with high levels of specialty, and completing their training at an early stage by promoting team formation*2 and maintaining a high mobilization rate is a growth model unique to the Company. For the contract unit price*3 as well, a performance indicator just as important as the number of mobilized employees, the market value has been steadily rising every year from the skills development programs and planned rotations based on the career plans of each worker (however, there was a decrease in FY12/20 due to temporary factors caused by COVID-19). Moreover, the collaboration with consolidated subsidiary Alps Business Service and other companies, and performance of Alps Agri Career (agriculture-related field) and Alps Care Heart (nursing care-related field), which are engaged in new business, contributed to the growth in consolidated results. Even from FY12/20 to FY12/21 when results were impacted by COVID-19, there were no major changes to the trends of the performance indicators that the Company prioritizes, which one could argue confirms the robustness of its businesses. The Company has been encountering a growth trajectory with respect to its results since FY12/22, supported by recovery in the aftermath of the COVID-19 pandemic and a favorable ordering environment.

*1 In FY12/24, around 40 engineers (standalone) and around 60 agriculture-related personnel (Alps Agri Career) were hired according to plan.
*2 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.
*3 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 terms of profit and loss, profits have trended upward alongside the growth in net sales and the operating profit margin has also improved, trending at a high level above 10% for the past few years. The Company retained an operating profit margin of around 10% between FY12/20 and FY12/21, when it was impacted by COVID-19 pandemic, and has maintained an operating profit margin above 10% from FY12/22 onward while incurring upfront costs mainly for new businesses.

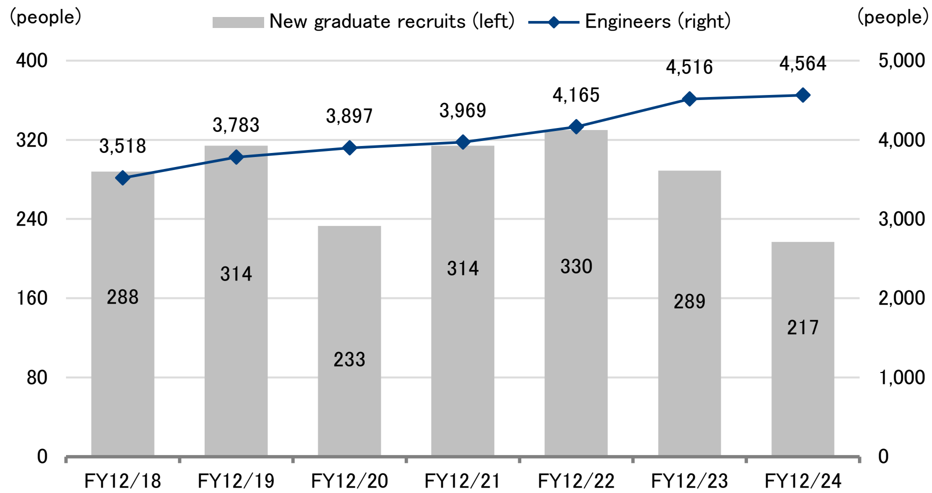
For the Company's financial condition, the equity ratio remained at a level above 60% while total assets grew following the increase in cash and deposits, the consolidation of Tanpopo Shiki no Mori (January 2024), and other factors. On the other hand, ROE, which indicates capital efficiency, is rising year by year, and since FY12/17, it has consistently exceeded 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.

Trends in net sales and operating profit margin (consolidated)

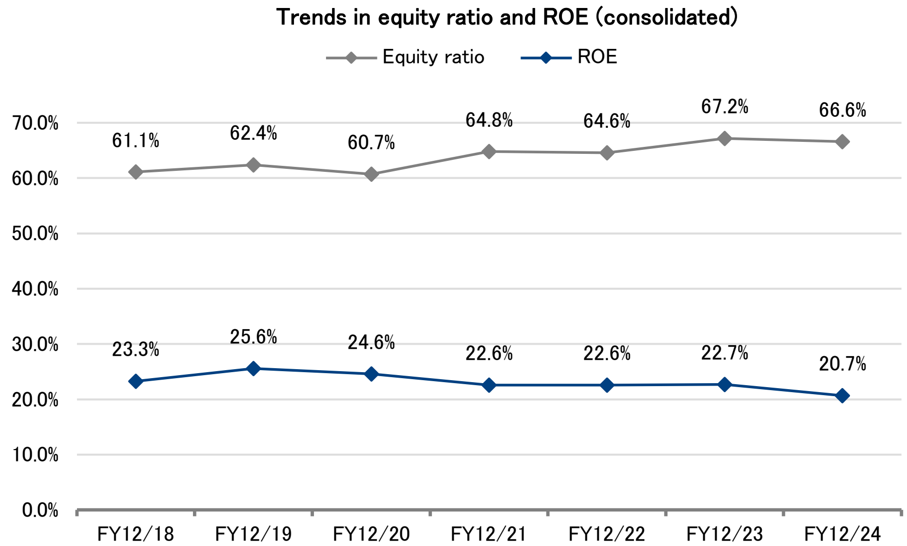



Source: Prepared by FISCO from the Company's financial results

Trends in the number of new graduate recruits and engineers (standalone)




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




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

### 2. Overview of FY12/24 results

In FY12/24, the Company achieved new record high consolidated results for a third consecutive fiscal year with respect to increases in net sales and operating profit, but excluding profit attributable to owners of parent, with net sales of ¥49,858mn, up 7.9% YoY, operating profit of ¥5,159mn, up 3.6%, ordinary profit of ¥5,313mn, up 5.1%, and profit attributable to owners of parent of ¥3,677mn, down 0.5%. The results were largely in line with the initial projections.

The increase in net sales was supported by growth in sales of the Outsourcing Business attributable to a gain in the number of mobilized engineers (maintaining a high mobilization rate) and improvement in contract unit price amid a scenario of persisting investment in R&D geared to securing competitive advantages, especially in the semiconductor-related domain and the automotive industry amid intensifying development of next-generation automobiles. Additionally, the Global Business maintained strong performance as a result of having tapped into robust demand stemming from labor shortages. In the newly added Other segment, the serviced senior housing business served as a tangible yet modest factor in achieving the net sales growth.

On the earnings front, although results were subject to downward pressure associated with factors such as higher cost of sales accompanying improved compensation*1 and upfront costs allocated to new businesses, in addition to a rebound from the completion of work in the previous fiscal year for highly profitable, large-scale projects in the Global Business, the Company achieved an operating profit margin of 10.3% (10.8% in the previous fiscal year), thereby maintaining a level exceeding the 10% threshold. The downturn in profit attributable to owners of parent was due to the Company having recorded a decrease in gain on sale of investment securities and amortization of goodwill and other assets*2.

*1 This refers to a 6.2% increase in wages as part of the Company's investment in human capital.
*2 The goodwill and related assets mainly consist of those pertaining to Alps Care Heart (nursing care-related field) at the stage of incurring upfront costs. We at FISCO deem that the amortization of goodwill represents accounting treatment carried out strictly based on the Company having taken a conservative approach.

On the financial front, total assets rose 12.2% from the end of the previous fiscal year to ¥28,077mn, mainly due to an increase in cash and deposits as well as the consolidation of Tanpopo Shiki no Mori. Meanwhile, whereas shareholders' equity rose 11.1% to ¥18,691mn due to the accumulation of internal reserves, the equity ratio decreased slightly to 66.6% (67.2% at the end of the previous fiscal year).

### Overview of FY12/24 results

(¥mn)

| | FY12/23 | | FY12/24 | | Change | | FY12/24 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Results | % of sales | Results | % of sales | Change | Rate of change | Forecast | % of sales | Change | Achievement rate |
| Net sales | 46,216 | | 49,858 | | 3,642 | 7.9% | 49,500 | | 358 | 100.7% |
| Outsourcing Business | 42,688 | 92.4% | 45,754 | 91.8% | 3,066 | 7.2% | - | - | - | - |
| Global Business | 3,527 | 7.6% | 4,017 | 8.1% | 490 | 13.9% | - | - | - | - |
| Others | | | 87 | 0.2% | 87 | - | | | | |
| Cost of sales | 35,263 | 76.3% | 38,264 | 76.7% | 3,001 | 8.5% | - | - | - | - |
| SG&A expenses | 5,970 | 12.9% | 6,434 | 12.9% | 464 | 7.8% | - | - | - | - |
| Operating profit | 4,982 | 10.8% | 5,159 | 10.3% | 177 | 3.6% | 5,200 | 10.5% | -41 | 99.2% |
| Outsourcing Business | 4,548 | 10.7% | 4,882 | 10.7% | 334 | 7.3% | - | - | - | - |
| Global Business | 431 | 12.2% | 342 | 8.5% | -89 | -20.6% | - | - | - | - |
| Others | | | -68 | - | -68 | - | | | | |
| Ordinary profit | 5,053 | 10.9% | 5,313 | 10.7% | 260 | 5.1% | 5,300 | 10.7% | 13 | 100.2% |
| Profit attributable to owners of parent | 3,696 | 8.0% | 3,677 | 7.4% | -19 | -0.5% | 3,500 | 7.1% | 177 | 105.1% |
| Number of engineers | 4,516 | | 4,564 | | 48 | | | | | |
| Number of mobilized employees | 4,397 | | 4,435 | | 38 | | | | | |
| Mobilization hours*1 | 162.5 | | 161.4 | | -1.1 | | | | | |
| Contract unit price*2 (¥) | 4,183 | | 4,368 | | 185 | | | | | |

*1 Hours worked per month, corresponding to work as an engineer
*2 This refers to 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 results briefing materials

### Balance sheet and key performance indicators

(¥mn)

| | End-FY12/23 | End-FY12/24 | Change | Rate of change |
|---|---|---|---|---|
| Current assets | 19,263 | 21,644 | 2,381 | 12.4% |
| Cash and deposits | 11,430 | 13,343 | 1,913 | 16.7% |
| Note and accounts receivable – trade, other | 6,547 | 7,051 | 504 | 7.7% |
| Work in process | 484 | 245 | -239 | -49.4% |
| Non-current assets | 5,762 | 6,432 | 670 | 11.6% |
| Goodwill | 159 | 89 | -70 | -44.0% |
| Total assets | 25,025 | 28,077 | 3,052 | 12.2% |
| Current liabilities | 7,838 | 8,938 | 1,100 | 14.0% |
| Accounts payable – trade | 1,941 | 2,085 | 144 | 7.4% |
| Short-term borrowings | 224 | 210 | -14 | -6.3% |
| Non-current liabilities | 320 | 394 | 74 | 23.1% |
| Total liabilities | 8,158 | 9,333 | 1,175 | 14.4% |
| Net assets | 16,866 | 18,743 | 1,877 | 11.1% |
| Shareholders' equity | 16,822 | 18,691 | 1,869 | 11.1% |
| Current ratio | 245.8% | 242.2% | -3.6pp | - |
| Equity ratio | 67.2% | 66.6% | -0.6pp | - |
| Interest-bearing debt ratio | 1.5% | 1.2% | -0.3pp | - |

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

**(1) Outsourcing Business**

Net sales increased 7.2% YoY to ¥45,754mn and segment profit increased 7.3% to ¥4,882mn. The Company's standalone results grew steadily due to an increase in the number of mobilized engineers resulting from an increase in engineers and maintaining a high mobilization rate, and improvements to contract unit price.

Looking at the performance indicators (standalone) that the Company prioritizes, the number of engineers increased to 4,564 (up 48 engineers from the end of the previous fiscal year), and the number of mobilized engineers increased to 4,435 (up 38 engineers). The full-year average mobilization rate was 96.7% (96.1% in the previous fiscal year) including newly graduated recruits (217 people), thereby maintaining close to full mobilization. Contract unit price per person rose significantly by ¥185 to ¥4,368 amid positive momentum brought about by wage increases and success achieved with initiatives to heighten market value*. In contrast, mobilization hours decreased to 161.4 hours (down 1.1 hours) due to reductions in overtime in line with workstyle reforms.

* The initiatives to heighten market value consist of skills development programs and planned rotations based on individual career plans.

Regarding Group companies, Alps Business Service performed well, and Digital Spice achieved substantial growth due to an increase in aerospace-related orders. In terms of new businesses, Alps Agri Career, which operates in the agriculture-related field, steadily amassed results, and home-visit nursing care service provider Alps Care Heart steadily achieved tangible yet still modest growth as a result of having increased its number of offices mainly in Kanagawa Prefecture.

On the earnings front, the segment secured profit growth due to elevated earnings attributable to the gain in net sales, despite having continued to incur upfront costs allocated to new businesses (agriculture- and nursing care-related fields), in addition to higher cost of sales accompanying improved compensation. As a result, the segment maintained a high profit margin of 10.7% (10.7% in the previous fiscal year).

**(2) Global Business**

Net sales increased 13.9% YoY to ¥4,017mn and segment profit declined 20.6% to ¥342mn. The segment achieved significant growth in sales due to momentum in terms of a favorable ordering environment attributable to labor shortages also overseas (particularly in Taiwan). On the other hand, the segment profit margin was within expectations but decreased to 8.5% (12.2% in the previous fiscal year) a due to lower profits resulting from the completion of work in the previous fiscal year for highly profitable, large-scale projects.

**(3) Other segment**

Net sales were ¥87mn and segment loss amounted to ¥68mn. Although the Tanpopo Shiki no Mori serviced senior housing business positively contributed to results upon its consolidation on January 4, 2024, the Other segment recorded a segment loss as a result of having incurred upfront costs allocated to "Fureai no Mori Sagami Lake" future-oriented rental housing opened on May 27, 2024.

### 3. Summary of FY12/24 results

To summarize FY12/24, the Company effectively tapped into demand in growth fields such as the semiconductor-related domain and next-generation automobiles amid a persistently favorable ordering environment, consequently giving rise to growth in results. This accordingly seems to demonstrate that the Company's strategy is progressing steadily. It is particularly commendable that the Company maintained high profitability all while improving compensation and incurring upfront costs allocated to new businesses. Also in terms of its future-oriented initiatives, the Company's 2028 vision is steadily taking shape given that it has achieved notable outcomes particularly with respect to launching the serviced senior housing business and achieving more orders associated with the aerospace sector.

# Main activities and achievements

## Notable outcomes achieved particularly with respect to new business (serviced senior housing business) and new domains (aerospace)

**1. Recruitment and education achievements**

In human resource recruitment, which serves as the Company's growth driver, the Company secured 217 people (289 in 2023) as new 2024 college graduates (standalone), while the number of engineering staff (standalone) at the end of the period increased to 4,564 (up 48 from the end of the previous fiscal year), due to the hiring of about 100 career human resources with an emphasis on quality. About 300 new 2025 college graduates are scheduled to join the Company, demonstrating the Company's presence in the midst of an ongoing difficult recruitment environment (seller's market). As for global human resources, the Company accepted approximately 40 global engineers (standalone) and 60 agriculture-related personnel (Alps Agri Career).

For education, meanwhile, the Company has arranged 1,093 courses, and held 2,441 study sessions at each location. The topics of these study sessions include acquiring certifications, career development, leadership development, and more recently they have focused on training engineers who are at the forefront of advanced technologies. Harnessing its proprietary Engineer Support System (ESS), the Company has been able to achieve outcomes that include enhancing employee skills and motivation, furnishing support for career formation, and heightening the contract unit price.

**2. Progress made in new business**

**(1) Agriculture-related field**

Given the notable shortage of agriculture-related human resources within Japan, Alps Agri Career positioned itself on a track toward growth by establishing a system that operates alongside acceptance of global human resources. In particular, it is charting a course toward solving challenges by providing a wide range of human resource services from agritech*1 to farming (temporary staffing). In April 2024, the Company signed a comprehensive partnership agreement*2 with the Kino Agricultural Cooperative located in Otofuke-cho, Hokkaido. In November, it opened Altech Farm Tokachi based on the agreement and embarked on cultivation of sustainable cherry tomatoes in agricultural greenhouses harnessing hot spring heat and biomass burners. Going forward, the Company has its sights set on building a distribution network that connects production sites with consumers. The Company is also looking into the prospect of introducing delivery robots developed by DONKEY.

*1 Agritech refers to technologies that contribute to labor-saving, workforce reduction, and improved productivity (ex. soil improvement, feed analysis and formulation, etc.).
*2 The comprehensive partnership agreement encompasses expansion of sales channels for agricultural products, streamlining of agricultural work, and use of agriculture-related human resources.

**(2) Nursing care-related field**

Alps Care Heart, which provides nursing care-related services, first began in Sagamihara City, using domestic human resources to provide home-visit nursing care services, and plans to expand its business locations to Kanagawa Prefecture, the Tokyo metropolitan area, and then nationwide. With openings of Musashi-Shinjo, Hachioji, Nagayama, Sagamiko, and Tsurukawa locations since the beginning of 2024, there are now 13 locations in total. In addition, the Company made serviced senior housing provider Tanpopo Shiki no Mori a consolidated subsidiary in January 2024 and opened Fureai no Mori Sagami Lake* future-oriented rental housing operated by Alps Care Heart in May 2024. It is accordingly showing signs of heading in a new direction (operation of housing for senior citizens), in addition to its home-visit nursing care services.

* Fureai no Mori Sagami Lake leases its land and buildings, while Alps Care Heart engages in operations and provides nursing care services.

**(3) Manufacturing business (aerospace field)**

The Company's subsidiary Digital Spice, which is central to the manufacturing business, has achieved an increase in net sales of approximately two-fold amid significant growth in orders in the aerospace sector, a new domain. In addition, Digital Spice received a certificate of appreciation from Japan Aerospace Exploration Agency (JAXA) in recognizing its involvement in spectroscopic camera development and other such contributions to JAXA's project for the SLIM unmanned probe, which achieved Japan's first lunar landing in January 2024.

# Business outlook

## Sales and profit uptrend expected to persist again in FY12/25 amid a favorable ordering environment

**1. FY12/25 forecasts**

With respect to its results in FY12/25, the Company projects ongoing increases in sales and profits with net sales set to increase 5.7% YoY to ¥52,700mn, operating profit to rise 4.7% to ¥5,400mn, ordinary profit to increase 3.5% to ¥5,500mn, and profit attributable to owners of parent to edge up 0.6% to ¥3,700mn.

The outlook envisions a continuing trend of rising net sales and profits given prospects in the automotive and semiconductor-related domains amid continuance of robust R&D investment, and also given the Company's efforts to tap into strong customer demand in areas that include software development associated with the medical field and advanced technologies, which have been subject to growing demand.

**FY12/25 forecasts**

(¥mn)

| | FY12/24 | | FY12/25 | | | |
|---|---|---|---|---|---|---|
| | Results | % of sales | Forecast | % of sales | Change | Rate of change |
| Net sales | 49,858 | | 52,700 | | 2,842 | 5.7% |
| Operating profit | 5,159 | 10.3% | 5,400 | 10.2% | 241 | 4.7% |
| Ordinary profit | 5,313 | 10.7% | 5,500 | 10.4% | 187 | 3.5% |
| Profit attributable to owners of parent | 3,677 | 7.4% | 3,700 | 7.0% | 23 | 0.6% |

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

**2. FISCO's view**

At FISCO, we believe that although the Company needs to remain mindful in regard to factors that include effects of geopolitical instability and trade friction, its results outlook is well within reach for the four following reasons. 1) The Company's targeted R&D investment areas are long-term investment fields that are directly connected to its future competitiveness and where strong demand is also likely going forward. 2) It is steadily working to expand its business foundation, including through human resource recruitment and education. 3) It is maintaining a high mobilization rate while shifting to growth fields. 4) Group companies are all performing solidly. On the other hand, whereas we deem that it will take some time until the Company's new businesses (agriculture- and nursing care-related fields, operation of housing for senior citizens, etc.) generate significant earnings, we intend to track developments with respect to growth potential of such businesses going forward in terms of the pace at which they contribute to earnings growth.

# Medium- to long-term growth strategy

## Targeting sustainable growth by taking on new domains with cutting-edge technologies and developing new earning pillars

**1. Twelfth five-year plan (qualitative targets)**

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). Upon the 55th anniversary of its foundation in July 2023, the Company announced its twelfth five-year plan (qualitative targets) as its vision up to 2028. With "utilizing technology to challenge partners in a co-creative society" as the theme, the Company is working on the four measures described below. The Company aims to strengthen its foundation for sustainable growth by moving on to the next phase in the largely unchanged course it has been charting so far. The key point is the Company's commitment to educating personnel who can anticipate future needs, with an eye toward new and unforeseen markets and services driven by advancements of cutting-edge technology such as generative AI, as well as the growing societal demands for environmental measures, carbon neutrality, and so forth.

**Four measures of the twelfth five-year plan**

**1) Take on new domains of engineering outsourcing business**
Develop engineers competent in state-of-the-art technologies, and take on new business and work areas unconstrained by existing boundaries. Steadily increase the number of mobilized engineers through initiatives such as those that involve developing human resources upon having designated semiconductors and aerospace in particular as growth fields.

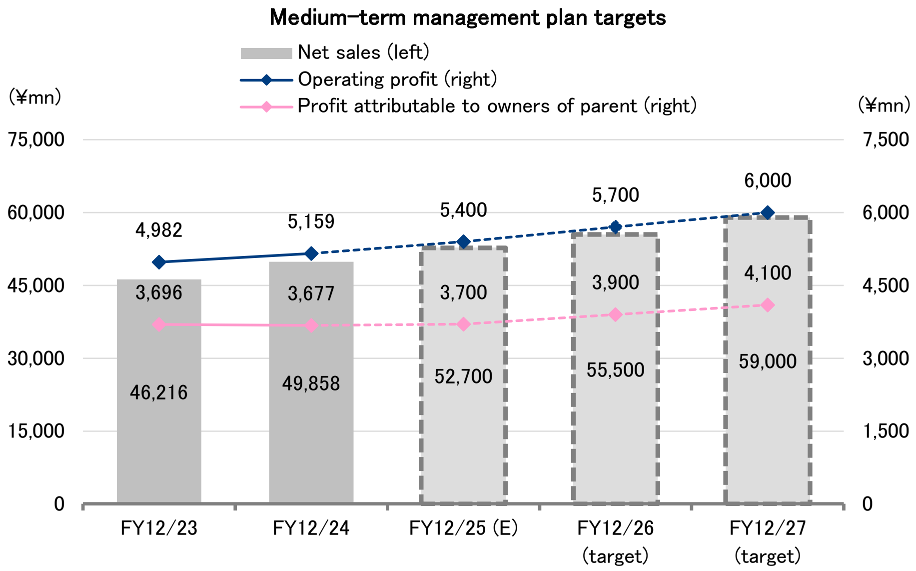
**2) Develop new earnings pillars**
Aim to expand the agriculture and nursing care businesses and raise their earning capacity by strengthening integration with technology. However, the prospect of generating significant earnings is bound to take more time.

**3) Help create a sustainable, prosperous society**
Aim to create new businesses that lead to regional revitalization, a social task, by leveraging the technological and personnel expertise of the Group. Tangible achievements are beginning to emerge from new businesses such as Altech Farm Tokachi (in the agriculture-related field) and operations of serviced senior housing.

**4) Employ digitalization to foster an organizational culture where diverse personnel thrive**
Aim to establish a framework where diverse human resources can thrive more by promoting more efficient, centralized control of management resources scattered throughout the organization.

### 2. Medium-term management plan (three-year quantitative targets)

Additionally, the Company announced three-year quantitative (rolling) targets in February 2025. It has set FY12/27 targets of net sales of ¥59,000mn, operating profit of ¥6,000mn, ordinary profit of ¥6,100, and profit attributable to owners of parent of ¥4,100mn, while it also intends to secure ROE of 20% or above.




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

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

According to the Ministry of Labor, Health and Welfare's "Aggregated Results of Business Reports by Worker Dispatching Businesses (Preliminary Report)," the number of assignment workers nationwide peaked at 2.02mn at the time of the global financial crisis in 2008 and then trended downward, but this decline bottomed-out in 2013 and by 2022 it had recovered to 2.15mn. 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 enacted on April 1, 2020)*, the environment surrounding the assignment business is approaching a major turning point. In other words, it is thought 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 (permanent 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 (permanent 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. However, it is thought that its businesses can continuously grow by gaining the trust of customers, supported by long-term human resources education.

Also, having observed trends over several years, 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, there appears to be a distinct trend emerging where demand is increasing not only to compensate for personnel shortages at manufacturers but also in cutting-edge technological areas that require skills in specific technologies. Therefore, the Company's ability to acquire (develop) excellent engineers in the fields of cutting-edge technologies, which it has positioned as its priority fields, will be an important factor in expanding its business performance.

### 4. Medium- to long-term focal points

Amid a declining population in Japan and economic globalization, at FISCO we evaluate the Company's strategy for the direction of its business development, which involves ascertaining changes to the industrial structure and societal problems in the future, to be rational. The focus for the future will be on how to link sustainable growth with efforts to respond to new technological fields where demand is growing and to solve social issues, including the progress made in new businesses. In particular, although the Company is making progress in the agriculture- and nursing care-related fields, it seems that its success or failure will be determined by whether the it can advance ahead of other companies to create new markets, and whether its utilization of cutting-edge technologies and accumulation of expertise will lead to solving the labor-shortage problem and also to improving productivity (and securing profitability). Furthermore, the manufacturing business, centered on Digital Spice and DONKEY, holds potential upside factors for business performance, and we intend to focus on the Company's specific moves in this area going forward.

# Sustainability initiatives

## The Company has formulated a basic policy on sustainability and further strengthened its specific initiatives

### 1. Initiatives for SDGs

The Company's Group supports the Sustainable Development Goals (SDGs) advocated by the United Nations and based on its "Heart to Heart" corporate philosophy, it is aiming to contribute to the achievement of the SDGs through its Outsourcing Business and other businesses, including by developing technologies.

### 2. Establishment of a basic policy on sustainability

In seeking to further strengthen its sustainability initiatives, the Company established a basic policy on sustainability in November 2021, set specific indicators, and publicly disclosed progress achieved toward achieving such targets. The Company has particularly focused its efforts on climate change measures and enhancing human capital. In terms of human capital, the Company aims to heighten corporate value by developing a supportive environment (facilitating work-life balance, promoting empowerment of women, and improving engagement) and by furnishing support to employees (improving individual skills, elevating motivation, and supporting career formation)*.

* The Company has been recognized by Nippon Kenko Kaigi as one of the 2025 Outstanding Organizations of KENKO Investment for Health with respect to its efforts that involve considering employee health management from a management perspective and strategically implementing initiatives that help employees maintain and improve their health. The Company also previously gained recognition under the KENKO Investment for Health initiative in 2024. In addition, Japan's Minister of Health, Labour and Welfare awarded the Company Platinum Kurumin certification provided to enterprises that support employee efforts to balance work and childcare, in recognition of the Company's achievements that include an 83.5% rate of paternity leave taken by its male employees.

**Basic policy on sustainability**

| |
|---|
| We of the Alps Giken Group will value the bonds between people based on our corporate philosophy, "Heart to Heart." Through our business activities, we will aim to realize a sustainable environment and society, and sustainably increase our corporate value. |
| 1. We will strive to preserve the global environment by providing advanced and diverse technology services. |
| 2. We will utilize our management resources, namely human resources and technological capabilities, to engage in solving various social issues. |
| 3. As a good corporate citizen, we will cooperate with stakeholders to engage in social contribution activities. |

Source: Prepared by FISCO from the Company's website

# Shareholder return policy

## Aims for a dividend payout ratio of 50% on a consolidated basis. Plans to pay an annual dividend of ¥94 in FY12/25, an increase of ¥1 from the previous fiscal year

### 1. Basic dividend policy

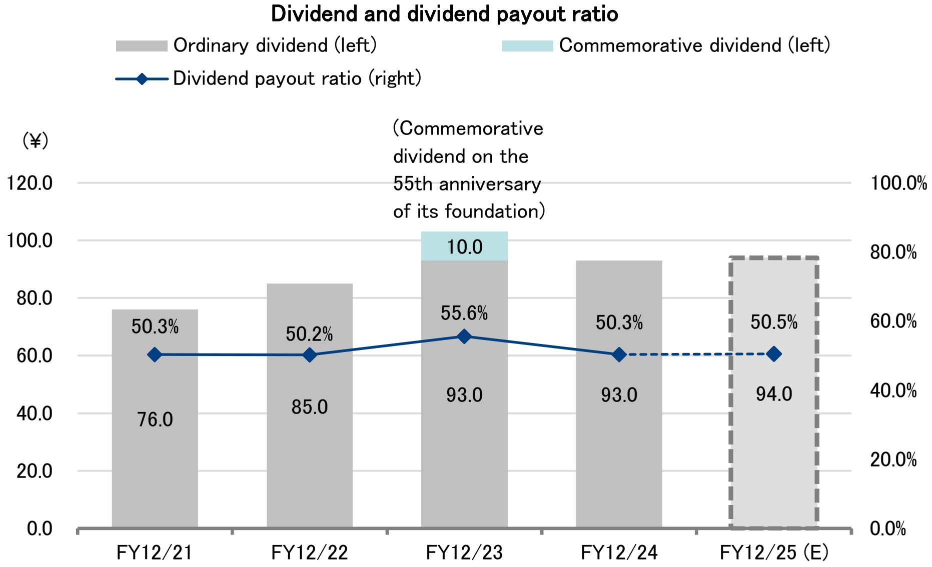
The Company pays dividends as its policy to return profits to shareholders. It aims for a dividend payout ratio on a consolidated basis of 50% (of which, the interim dividend is 50% of the annual dividend), and its basic policy is to pay an annual dividend of ¥10, regardless of results.

### 2. Dividend trend and plan

For dividends per share in FY12/24, the Company paid an annual dividend of ¥93 per share (interim dividend ¥44, period-end dividend ¥49; a dividend payout ratio of 50.3%) on an ordinary dividend basis, the same amount as in the previous fiscal year.

For dividends per share in FY12/25, the Company forecasts ordinary annual dividends of ¥94 (interim dividend ¥47, period-end dividend ¥47; a dividend payout ratio of 50.5%), an increase of ¥1 from the previous fiscal year.

Dividend and dividend payout ratio




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

### 3. Share buyback

The Company repurchased 267,000 shares of its treasury stock for ¥674,709,000 (acquisition period from February 14 to March 13) pursuant to the resolution regarding repurchase of treasury stock dated February 13, 2025. The repurchase of treasury stock was carried out with the aim of enabling the Company to implement capital policy flexibly in alignment with its policy on shareholder returns and changes in the business environment. The Company also resolved to accordingly cancel 1,000,000 shares of treasury stock on February 13, 2025, thereby bringing the number of shares of treasury stock to 871,076 shares subsequent to the cancellation and the number of issued and outstanding shares to 20,746,675 shares subsequent to the cancellation.

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■ For inquiries, 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