

March 25, 2022 - Online Investor Briefings for Analysts and Individual Investors

Key Questions and Answers

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

Q. You say that you're going to switch to a policy of hiring 110 career hires, which seems like a high hurdle based on past examples, but I'd like to know your rationale.

A. Compared with the past record of approximately 30 to 40 career hires, this fiscal year's plan is 110. This is approximately 3 to 4 times the number of hires in the past. In order to secure these workers, we are considering using employment agencies as a means of recruiting, based on our recruitment track record. We will increase the number of career hire staff by approximately 3 to 4 times, and each staff member will stick to an employment agency with high referral accuracy, improve placement performance, and carry out activities to achieve the plan. As for the recruitment of 110 employees, we will make efforts to achieve this through trial and error in our Medium-Term Business Plan.

Q. The operating margin in the forecast of financial results for the fiscal year ending January 2023 is 13.0%. However, I suspect expenses will rise due to an increase in the number of recruiters for career hires and an increase in placement in the recruitment media, etc. I would like to know the reason for the higher profit margin.

A. Operating margin consists of the relationship between gross margin and SG&A expenses ratio. The assumption of 13.0% is based on an expectation that gross margin will remain high and the cost of career hires will increase, but that the SG&A expenses ratio will not go up significantly relative to the increase in net sales.

Q. The average growth rate over the three years of the Medium-Term Business Plan is 12.7%, so I think we have to increase the growth angle even more from the next fiscal year. Is hiring a key point because of the relatively high demand for R&D-related services? I think there are various factors, such as unit prices, but what is the most important factor in achieving the Medium-Term Business Plan?

A. Achieving the number of new hires is the most important prerequisite for accomplishing the Medium-Term Business Plan. Our recruitment plan balances the recruitment of new graduates with career hires, so achieving the number of career hires is a very important point. In addition, we have placed "carbon neutrality" at the center of our strategy. If we can secure human resources who can participate in this related project, the unit price will increase as a result. Therefore, the overall key point is the number of employees hired. Achieving the target for number of career hires within the number of employees hired is the key point for achieving the Medium-Term Business Plan.

Q. In order to achieve career hires, your company has developed a recruitment strategy, such as job change assistance program, but will this be a key factor in increasing the number of career hires?

A. Some job applicants want a manufacturer, while others want a technical services company like ours. We have prepared attractive support programs and internal programs that engineers can choose from. They are a means of attracting those who are considering employment or a career change at a technical service company, or so-called temporary engineer dispatching company, to our company. In this way, we are creating a company attractive to job applicants. Therefore, when a job applicant registers with an employment agency, increasing the success rates of the following will ensure the number of hires from employment agencies: the employment agency is willing to refer the job applicant to us; the job applicant who is referred to us finds us more attractive than other companies in the same industry. We will strengthen them.

Q. The recruitment of new graduates was 204 in FY2022, but is the target of 160 the limit for FY2024?

A. The reason for the decrease in the 2023 plan compared with the 2021 recruitment results is that the needs for workers with little or no experience in machinery are currently on the decline compared with software and electronics. Therefore, if we increase the number of machinery hires in recruitment of new graduates at the Company, we believe we have 200 in hand at this point. As a result of curbing the number of machinery hires, we plan to hire 160 people. If we can increase the number of software and electronics hires more than planned, we believe we will eventually approach 200.