

March 26, 2024 - Investor Briefing for Analysts and Institutional Investors

Key Questions and Answers

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

Q: You plan to hire 170 newly graduated engineers. Is it correct to understand that you look set to achieve this plan?

A: Yes. Approximately 170 engineers will join the Company on April 1.

Q: Isn't the goal of hiring 100 career engineers quite aggressive considering the labor shortage?

A: We hired 58 career engineers in the fiscal year ended January 31, 2024. We plan to increase that number by 42. The plan is set at 100 given that we have significantly improved our hiring environment, including increasing the number of staff for career hires since last year. We believe that 100 is fully achievable if everything proceeds smoothly.

Q: Wages are being increased at various companies, which I think will make it easier to raise the unit price of engineers at the client companies to which they are dispatched. Isn't it a conservative estimate to have only a 5.4% increase in net sales this fiscal year?

A: The term-end engineer count prerequisites are the hiring of approximately 170 newly graduated engineers in the spring and 100 career engineers. As this is our plan, we believe our personnel targets are generally not conservative.

Q: Is it difficult to increase the number of engineer employees to around 1,300?

A: Our turnover rate assumption is slightly conservative. We believe that increasing the term-end personnel count is possible depending on the turnover situation.

Q: If unit prices increase, I believe costs also increase. Is it correct to understand that increasing unit prices will raise the gross profit margin?

A: The environment is supportive of unit price increases. Based on last year's unit prices, we have relatively conservative estimates for increasing the unit prices of existing engineers and the unit prices of new engineers on their first assignments. We believe there is sufficient room for increases. Additionally, it is assumed that the increase in unit prices will have a significant impact directly on gross profit and operating profit.

Q: Recruitment activities are intensifying. Is there any risk of a drastic deterioration in the recruitment environment?

A: This fiscal year, we have hired 170 newly graduated engineers and plan to hire 100 career engineers. We believe the environment will enable us to sufficiently secure these numbers next year and beyond.

We are partnering with universities. Furthermore, among engineer dispatching companies, we have an advantage in having a large weight in upstream processes. If we can fully appeal and communicate these advantages to students, we believe we can sufficiently position ourselves as winners in the recruitment competition among our peers.

Q: Is it appealing to students to be involved in upstream and midstream processes? Is the client lineup also having an impact?

A: We believe that ultimately the client lineup also plays a role.

Q: There are plans to establish semiconductor plants in Kumamoto and Hokkaido. Will Artner be working in those places?

A: Our sales team is currently conducting market research on semiconductor clients that have expanded their businesses to Kumamoto and plan to expand their businesses to Hokkaido. Our main focus now is on whether there will be development projects at the semiconductor plants in Kumamoto and Hokkaido. With this as our main focus we are currently conducting research. If development projects are anticipated, we will consider actively expanding our services to Kumamoto and Hokkaido.

Q: Around how much will the unit price of engineers rise to in the future?

A: We will refrain from answering with a specific number. This year's increase is expected to surpass last year's increase. Unit prices increased by 3.2% last year, so we are currently negotiating unit prices with clients aiming for an increase of at least 3.2%.